

# BETWEEN CONTINUITY AND EROSION: THE COUNTRY'S DIRECTION IN THE FIRST YEAR OF GOVERNMENT

MARCH 2026

**SIGNOS VITALES**  
EL PULSO DE MÉXICO

Image: Presidenta Sheinbaum en la Mañanera en <https://es-us.noticias.yahoo.com/abrazos-balazos-presi%C3%B3n-trump-influye-212535153.html>



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One of the main objectives is the collection of reliable and independent information on the key variables of our economic, political and sociocultural context in order to diagnose, with a good degree of certainty, the state where the country is located.

Vital Signs intends to serve as a light to show the direction that Mexico is taking through the dissemination of quarterly reports, with a national and international scope, to alert society and the policy makers of the wide variety of problems that require special attention.



*Weak or absent pulse can have many causes and represents a medical emergency.*

*The more frequent causes are the heart attack and the shock condition. Heart attack occurs when the heart stops beating. The shock condition occurs when the organism suffers a considerable deterioration, which causes a weak pulse, fast heartbeat, shallow, breathing and loss of consciousness. It can be caused by different factors.*

*Vital signs weaken and you have to be constantly taking the pulse.*

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# 1 GENERAL INTRODUCTION



Image: [https://www.archdaily.cl/cl/983054/la-estetizacion-de-la-desigualdad-paisajes-de-contraste-en-la-periferia-de-la-ciudad-de-mexico/6298ee223e4b31a48a00002-la-estetizacion-de-la-desigualdad-paisajes-de-contraste-en-la-periferia-de-la-ciudad-de-mexico-foto?next\\_project=no](https://www.archdaily.cl/cl/983054/la-estetizacion-de-la-desigualdad-paisajes-de-contraste-en-la-periferia-de-la-ciudad-de-mexico/6298ee223e4b31a48a00002-la-estetizacion-de-la-desigualdad-paisajes-de-contraste-en-la-periferia-de-la-ciudad-de-mexico-foto?next_project=no)

# 1 GENERAL « INTRODUCTION

The first year of a government is not merely a learning period or a preliminary stage: it is the moment when the effective scope of the political project is defined, structural decisions are consolidated and the institutional, economic and social coordinates that will shape the rest of the six-year term are set. In the case of Claudia Sheinbaum's administration, this initial phase confirms a pattern of structural continuity with the political project launched in 2018. The data presented in this report show that, far from a profound redefinition, a model is being consolidated—one characterized by a concentration of power, the weakening of checks and balances, the expansion of

social spending without institutional redesign, low economic growth and deterioration in investment and productivity. Assessing this first year is decisive because it anticipates whether inherited imbalances can be corrected or whether they have already been institutionalized as permanent features of the Mexican state.

For Signos Vitales, this analysis does not respond to a political conjuncture, but to a structural concern: the simultaneous erosion of the country's institutional, social and productive foundations. The continuity of an administration that left lags in security, the weakening of autonomous bodies, a decline in

*Sheinbaum's administration far from a profound redefinition, a model is being consolidated—one characterized by a concentration of power, the weakening of checks and balances, the expansion of social spending without institutional redesign, low economic growth and deterioration in investment and productivity.*

investment, low productivity and negative per capita growth entails an accumulating risk. When economic stagnation converges with institutional deterioration and distortions in social policy, the margin for correction narrows and the cost for the population rises. Accordingly, this assessment does not seek to predict an outcome, but to warn that the course adopted during the first year may irreversibly condition the trajectory of the six-year term and, with it, the country's development opportunities.

**IN THE INSTITUTIONAL SPHERE**, this evaluation makes it possible to observe more clearly how the decisions adopted in these first months have redefined the balance among branches of government, the autonomy of constitutional bodies and the functioning of the justice system. More than an administrative transition, the beginning of this administration reveals the deepening of political and legal dynamics that had already been taking shape in the previous term.

**IN POLITICAL-INSTITUTIONAL TERMS**, the most illustrative datum is the approval rate of initiatives submitted by the Executive. Between October 2024 and June 2025, the president submitted 42 legislative initiatives, of which 95.24% were approved by the

governing coalition. By contrast, during the previous term 101 initiatives were submitted, 64 of which were approved, representing a rate of 63.36%. In parallel, over the same period in Sheinbaum's first year, legislators introduced more than 2,000 bills and only 2% were approved. These indicators show a systematic subordination of Congress to the Executive and reveal a strengthening of presidentialism that reduces the space for democratic deliberation.

**JUDICIAL REFORM** constitutes another of the structural pillars of this institutional redesign. The popular election of justices, magistrates and judges held on June 1, 2025 recorded turnout of between 12.57% and 13.32% of the electoral roll. In addition, investigations documented that 56% of the new members of the Supreme Court have at least one relative working in the current government, a figure that rises to 71% in the Electoral Tribunal's Upper Chamber. These data, together with the subsequent reform to the Amparo Law –an instrument that accounted for 48.1% of the matters handled by the Federal Judiciary in 2024– show a profound transformation in the mechanisms of constitutional review and access to justice.

**THE WEAKENING OF CONSTITUTIONALLY AUTONOMOUS BODIES** also marked the first year. The ab-

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olition of INAI in March 2025 entailed the transfer of its functions to the Ministry of Anti-Corruption and Good Government. Between March 21 and December 31, 2025, 15,828 complaints related to access to information were registered, compared to 39,081 in the same period of 2024. In the area of personal data protection, complaints fell from 3,593 in 2024 to 633 in 2025. In addition, the share of complaints dismissed increased to 18% in 2025, compared to 16% the previous year. These indicators reflect a substantive contraction in the effective exercise of the right to transparency.

**IN THE SPHERE OF HUMAN RIGHTS**, the National Human Rights Commission issued 1,233 recommendations under the current leadership, the highest figure on record; however, only 0.7% of cases achieve effective compliance. In 2025, 18,839 case files were registered in the National Alert System for Human Rights Violations, compared to 16,208 in 2024. Complaints against the Ministry of National Defense and the National Guard totaled 450 and 387, respectively, while only one general recommendation to the Armed Forces was issued during the year.

**PUBLIC SAFETY** is the country's most sensitive axis. Although the government reported that the daily av-

erage of intentional homicides fell to 64 by the end of 2025 —compared to 91.7 in 2024 and 88.4 in 2023— other indicators reveal structural tensions. In the first half of 2025, 7,399 disappearances were recorded, 18% more than in the same period of 2024. From January 1 to December 18, 2025, 33,595 missing persons were counted, of whom 58.88% were located. The perception of insecurity closed December 2025 at 63.8%, above the 58.6% recorded in September 2024.

Regarding extortion, from January to June 2025, 5,887 victims were recorded, an increase of 6.9% compared to the previous year and the highest level since records exist, with an estimated dark figure of 96.7%. Although the 089 hotline received more than 110,000 calls and led to 4,350 investigative case files, there are still no conclusive data to support a sustained reduction in the crime. This surge is not an isolated phenomenon, but a symptom of a criminal network with growing capacity for territorial and economic control.

In that context, the territorial expansion of organized crime remains one of the greatest structural threats. Previous investigations —such as the study released by AC Consultores— estimated a criminal presence in

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81% of the national territory, identifying dozens of organizations with extended municipal operations. In parallel, subsequent reports based on U.S. intelligence assessments maintain that the main cartels sustain or expand their footprint to encompass 31 or even 32 federal entities, with an expansion that is no longer merely geographic but functional: control of local economies, systematic extortion and capture of institutional nodes.

Thus, taken together, the first year of Claudia Sheinbaum's government cannot be analyzed as a period of moderate transition, but rather as a phase of consolidation of a governance model characterized by a high concentration of power, weakened checks and balances and a security strategy that –despite certain indicators of reduced homicides– coexists with increases in disappearances, extortion and political violence. Assessing this first year is essential because it defines the institutional direction of the six-year term and makes it possible to anticipate whether inherited problems –far from being corrected– risk deepening in the coming years.

The pattern observed in the institutional architecture finds an echo **IN THE SOCIAL SPHERE**. Public policy in this area reproduces a logic of budgetary expansion

and universalization of transfers that privileges quantitative reach over structural transformation. Rather than reconfiguring the social protection system, the current design maintains the centrality of the Welfare programs (*Programas del Bienestar*) as the organizing mechanism, which requires examining not only the level of spending but also its effective distribution, its progressivity and its real impact on reducing inequalities and improving social mobility.

The budget allocated to social programs for 2026 exceeds one trillion pesos (one million million pesos), reflecting sustained growth in spending. To this it is necessary to add the impact on public expenditure of the various pension reforms that have lowered the retirement age for women<sup>1</sup> and established more favorable conditions over time for CFE workers. From 2008 to 2025, more than 22.3 trillion pesos have been allocated to social programs. Nevertheless, income poverty moved from 44.4% in 2008 to 43.5% in 2024 –that is, a reduction of only 0.9 percentage points– even though the amount devoted to combating it doubled in real terms. Although between 2018 and 2024, 13.4 million people exited poverty (from 41.9%

<sup>1</sup> The new ISSSTE reform halts the increase in the minimum retirement age in 2026: women will be able to retire starting at age 56 and men starting at age 58, with no changes to the required years of contributions.

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to 29.6%), this decline was concentrated mainly in moderate poverty (10.7 pp - percentage points), while extreme poverty barely fell by 1.7 pp. This contrast reveals that the current model can alleviate deprivations in certain segments, but has limited effects on the most vulnerable cores.

The coverage of social programs also shows relevant distortions. While the share of households receiving at least one program increased from 28% in 2018 to 32% in 2024, the poorest 40% ended the previous term with lower coverage, while the top 60% by income expanded their access. In 2016, 78% of the poorest households were beneficiaries of social programs; by 2024, that proportion had fallen to 53%. By contrast, among the richest households the share of beneficiaries nearly tripled (from 8% to 21%). In distributive terms, in 2018 the poorest Decile received 24% of the total redistributed amount; in 2024 it received only 14%. Meanwhile, the highest Decile receives four times more than in 2018. Indeed, 64 of every 100 additional pesos allocated to social programs between 2018 and 2024 were concentrated in the top half of the income distribution.

This process of declining progressivity is particularly visible in the design of educational scholarships.

Although they represent around 0.15% of GDP, the evidence shows that universalization has caused resources to reach, in greater proportion, those who need them least. In 2024, 41.5% of youths in the poorest quintile enrolled in public upper-secondary education did not receive a scholarship, while in the highest quintile the proportion without support fell significantly between 2018 and 2024, from 84.2% to 48.5%. In addition, coverage in the first year of upper-secondary school –a critical stage for preventing dropout– fell from 27.6% in 2018 to 24.6% in 2024, while in the third year it rose from 34.4% to 67.6%, when the risk of dropout is already lower. This mismatch limits the real impact on educational trajectories.

THE CONDITION OF THE HEALTH SYSTEM constitutes another structural warning sign. The share of the population without access to health services is 18.6 percentage points higher than in 2016. Currently, 34.2% of people (44.5 million) lack access to health services and 48.2% (62.7 million) do not have social security coverage. The budget for people without social security coverage in 2026 amounts to 30.7 billion pesos, 0.5% less than in 2025, representing the lowest level in at least 20 years in per capita terms (\$4,820 per person). This deterioration occurs in a

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context where out-of-pocket health spending is rising and where system fragmentation results in higher-income households receiving a larger share of the total health budget (13.6%) than lower-income households (6.3%).

**IN EDUCATION**, learning poverty reaches 43.2%. The PISA 2022 assessment showed that 2 out of every 3 fifteen-year-old students could not perform simple mathematical operations and 1 out of every 2 did not understand a text. The component measuring access to basic knowledge fell to its lowest level since 2015. In addition, 24.2 million people face an educational lag and six states –Chiapas, Oaxaca, Guerrero, Puebla, Campeche and Durango– registered recent increases in this indicator. These figures show that formal access to cash supports does not automatically translate into improvements in educational quality.

**ALTHOUGH THE MINIMUM WAGE** rose from 88.36 pesos per day in 2018 to \$315.04 in 2026 and labor poverty declined from 40.7% in 2021 to 34.3% in 2025, the productive structure remains precarious: 54.6% of the employed population works in informality, 33.8 million do not earn enough to purchase the food basket and 61% lack social security coverage. Inequality of opportunity reinforces this diagnosis:

half of those born in the lowest quintile remain there, only 2% rise to the highest quintile and 48% of income differences reflect circumstances of origin; although intergenerational persistence declined from 48% in 2017 to 41% in 2023, 73 out of every 100 people from quintile I remain below the well-being line in adulthood.

Taken together, the first year of Claudia Sheinbaum's government in the social domain consolidates the inherited model more than it transforms it. While there are advances such as the reduction of moderate poverty and the increase in the minimum wage, structural deficits persist in health, education, formal employment and social mobility. The continuity of a strategy centered on cash transfers, without a comprehensive social policy oriented toward guaranteeing rights and developing capabilities, limits the possibility of altering the conditions of origin that determine the destinies of millions of people. What is at stake is whether social policy will evolve toward an articulated system of protection and mobility or will continue reproducing structural gaps.

The limitations observed **IN SOCIAL MOBILITY**, quality employment and effective access to rights find their deeper explanation in the performance of

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the economy. No social policy can be sustained indefinitely if the productive base weakens, investment contracts and per capita income retreats. For this reason, the assessment of the first year of Claudia Sheinbaum's government must now shift to the economic terrain, where indicators show that inherited challenges not only persist but also appear more clearly in structural variables such as per capita growth, productivity, capital formation and the generation of formal employment. It is in this dimension that the material viability of the country's economic and social project is defined.

Since NAFTA entered into force, average annual growth was 2.24% between 1993 and 2018. However, between the fourth quarter of 2018 and the third quarter of 2025, the Mexican economy grew only 5.1% cumulatively. During Lopez Obrador's six-year term, the annual average was 0.8% and in the cumulative period from January to September 2025 growth was only 0.12% relative to the same period in 2024. More serious still, population growth (0.47%) exceeded economic growth, causing GDP per capita to fall by 0.34% (-669.4 pesos of 2018) in the first year of the current administration. In cumulative terms, during Morena administrations GDP per capita has declined by -0.53% relative to 2018.

**THE FRAGILITY OF GROWTH IS CONCENTRATED IN THE PRODUCTIVE STRUCTURE.** Between 2018 and the third quarter of 2025, secondary activities recorded an average annual growth of only 0.09%. In 2025 they entered negative territory (-1.8% year-on-year), with declines in mining (-8.4%), construction (-2.7%), energy (-1.1%) and manufacturing (-0.46%). Mining and construction account for more than 80% of the contraction. Since 2004, the value of oil and gas extraction has fallen by -49.2%, reducing its contribution to GDP from 5.8% to 2.2%. Construction, previously driven by emblematic public works, fell by -2.7% in 2025 and civil engineering works declined by -26.7%, returning virtually to 2018 levels.

**IN MANUFACTURING,** the contrast is clear. While some activities –such as the manufacture of computer equipment– showed accelerated growth between 2018 and 2025 (11.3% average annual growth) and doubled output in seven years, this dynamism is exceptional. The automotive industry, which represents 21.4% of manufacturing output, recorded contractions of -8.2% and -1% in vehicles and auto parts in 2025. Wholesale sales of heavy vehicles fell by -54.7%, a level comparable only to the health crisis. Sectoral heterogeneity does not conceal the central fact: the country's industrial base is weakened.

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Thus, THE LABOR MARKET does not compensate for productive weakness either. Between the third quarter of 2024 and the same quarter of 2025, employment increased by only 0.009% (5,200 people), while the working-age population grew by 1.45 million. The slight increase was explained by 465.9 thousand informal workers and a loss of -460.7 thousand formal jobs. The creation of jobs registered with the IMSS slowed markedly: between October 2024 and December 2025 only 36.3 thousand formal jobs were added. In addition, employer registrations fell by -4.5% (-48.6 thousand employers), with losses concentrated among smaller firms. The economy absorbs more people, but with lower job quality and stability.

**INVESTMENT CONFIRMS THE STRUCTURAL DETERIORATION.** Between 1993 and 2018, gross fixed capital formation grew 2.3% annually; between 2018 and 2024 it grew at 1.7%. In the cumulative period from January to September 2025, investment fell by -7.2% (-443.1 billion pesos). Public investment contracted by -20.2% and private investment by -4.8%, with the decline in public construction (-30.8%) as the decisive factor. If the trend holds, it would be the largest annual contraction since the 2008-2009 financial crisis, excluding the pandemic. The erosion of confidence accompanies this behavior. In December

2025, 0% of specialists surveyed by Banxico considered it a good time to invest; 49% characterized it as a bad time and 51% expressed uncertainty. Among the main obstacles identified were public insecurity (19%), foreign trade policy (15%) and the weakness of the domestic market (9%). Perceptions converge with the data: lower investment, less dynamism and greater business caution.

Finally, **PRODUCTIVITY SHOWS AN ALARMING TREND.** Between the fourth quarter of 2018 and the third quarter of 2025, labor productivity fell by -5.4% when measured by employed population and by -3.5% when measured by hours worked. While employment grew by 11.8% and hours worked by 9.8%, GDP increased by only 5.8%. The economy requires more work to generate less output -an unequivocal symptom of structural deterioration. The balance of the first year in economic terms does not point to a course correction. The inherited imbalances- low growth and investment, industrial weakness, declining productivity and fragile confidence- persist and, in some cases, deepen. The question is no longer whether the economy grows slowly, but how long a model can be sustained that generates lower per capita income, less investment and less certainty. The early evaluation of this administration indicates that

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*Perceptions converge with the data:*

*lower investment, less dynamism and greater business caution.*

the Mexican economy faces a real risk of normalizing stagnation as a new structural floor.

The combined analysis of governance, social cohesion and economic performance reveals a structural constant: the convergence of institutional, social and productive imbalances that, far from being corrected, tend to consolidate as permanent features of the prevailing model. Legislative concentration, the transformation of the judicial system, the weakening of autonomous bodies, the deterioration in investment, the decline in productivity and the loss of progressivity in social policy are not isolated phenomena; they form part of an accumulating dynamic that redefines how the state functions. Although there are specific indicators of improvement in certain areas, aggregate behavior suggests that the country is undergoing a process of consolidating structural vulnerabilities rather than entering a stage of correction.

The risk lies not only in the first-year figures, but in their trend. When per capita growth retreats, investment contracts, productivity falls and institutional checks and balances weaken, the scope for future action narrows. Continuity without adjustment can turn stagnation into the norm and precariousness into structure. This document does not close the discus-

sion; on the contrary, it opens the analysis that will continue in the following sections, where the sectoral and forward-looking implications of these trends will be examined in greater depth. To understand the first year is to understand the true starting point of the six-year term: a moment that will determine whether Mexico corrects its trajectory or consolidates a model that constrains its development potential.

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## 2 GOVERNANCE IN SHEINBAUM'S FIRST YEAR: THE TRILOGY OF POWER

*Imagen: "Mexico violencia y narcotrafico en tiempos de Lopez Obrador" en <https://www.izquierdadia-rio.es/IMG/arton219679.jpg?1648372754>*

## 2 GOVERNANCE IN SHEINBAUM'S FIRST YEAR: THE TRILOGY OF POWER



The first year of Claudia Sheinbaum's administration unfolded in a context of profound structural tensions in the governance of the Mexican state, shaped by the continuity of inherited practices and by the consolidation of new dynamics of power and control. Far from representing a break with the previous six-year term, 2025 evidenced the institutionalization of a model of government characterized by the concentration of executive power, the fragility of democratic checks and balances, the interaction of organized crime with certain authorities and the normalization of highly militarized security arrangements.

In this scenario, the exercise of political power, the state's institutional capacity and the persistence of violence converged in a complex web that redefined the boundaries of democratic governance. The January–December 2025 period thus took shape as a stage of consolidation of a presidentialism reinforced by legislative majorities, a sustained expansion of the Armed Forces' role in civilian and security functions and growing opacity in the relationship between the state and non-state actors contesting territorial and economic control across broad regions of the country.

*The first year of Claudia Sheinbaum's administration: the concentration of executive power, the fragility of democratic checks and balances, the interaction of organized crime with certain authorities and the normalization of highly militarized security arrangements.*

## 1.1 Architecture of political power: presidentialism and the absence of checks and balances

The architecture of political power during the first year of Claudia Sheinbaum's government cannot be understood as a new phenomenon or as a conjunctural anomaly. On the contrary, it reflects the consolidation of a process initiated in the previous administration, in which the federal Executive steadily expanded its capacity for institutional control. As documented in previous *Signos Vitales* reports Andres Manuel Lopez Obrador significantly concentrated presidential power and bequeathed to his successor a Congress with high levels of pro-government overrepresentation, a condition that enabled the new administration to advance constitutional reforms without the need for agreements with the opposition, thereby reinforcing the presidentialist character of Mexico's political regime.

### THE SECOND TIER OF PRESIDENTIALISM

#### FAST-TRACKED PRESIDENTIAL INITIATIVES

During her first year in office, the legislative agenda promoted by President Claudia Sheinbaum was characterized by a high approval rate and minimal par-

liamentary deliberation. Between October 2024 and June 2025, the federal Executive submitted 42 legislative initiatives, among which judicial reform and the elimination of autonomous bodies stood out. Of this total, 95.24% was approved by the governing coalition, in several cases through expedited procedures and with little room for substantive amendments; the telecommunications law ("Censorship Law") was the only one to undergo significant adjustments following external criticism (Monroy, 2025).

This pattern not only demonstrates the Executive's operational capacity to advance reforms without interparty negotiation, but also consolidates a dynamic in which Congress is subordinated as an institution of democratic oversight. By comparison, prior *Signos Vitales* analyses show that during Andres Manuel Lopez Obrador's six-year term, 101 initiatives were submitted to Congress, 64 of which were approved, representing an approval rate of 63.36%, lower than that recorded during Sheinbaum's first year in office (*Signos Vitales*, 2024).

Over the same period (October 2024 to June 2025), senators and deputies introduced more than 2,000 bills, of which only 2% were approved (Monroy, 2025). This contrast underscores the systematic priority

*The federal Executive submitted 42 legislative initiatives, among which judicial reform and the elimination of autonomous bodies stood out. Of this total, 95.24% was approved by the governing coalition,*

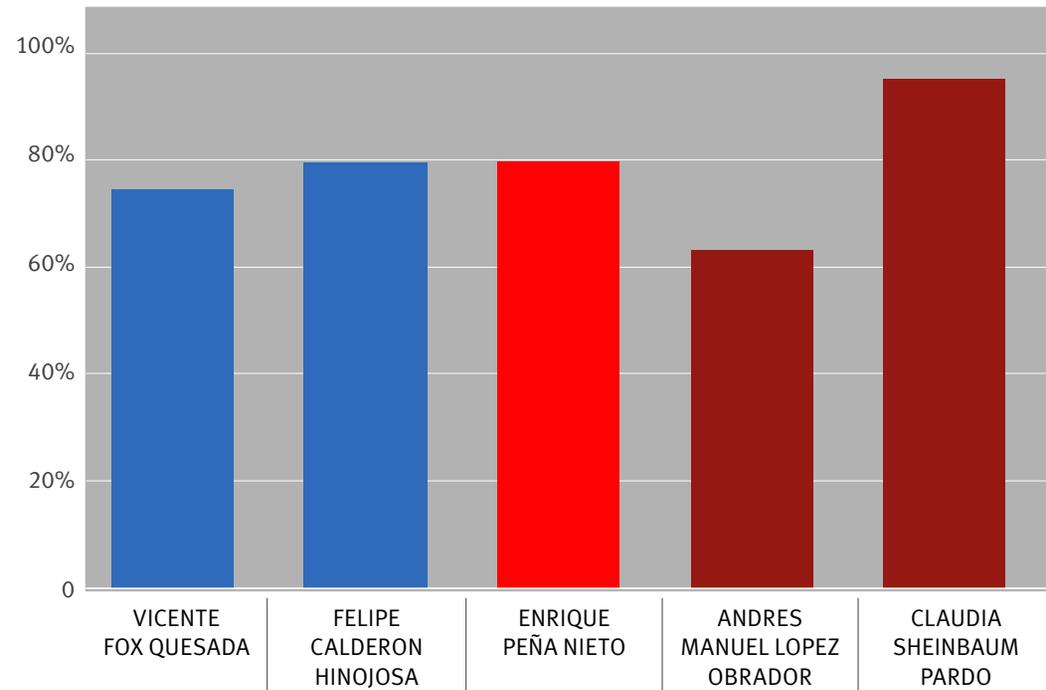
given to presidential initiatives and makes evident the weakening of Congress as a democratic counterweight during Sheinbaum’s first year in office.

### RECONFIGURED FEDERALISM

In line with this logic of power concentration, the first year of Claudia Sheinbaum’s government showed a reconfiguration of Mexican federalism which, although it adopted a less confrontational discursive tone than that of her predecessor, maintained –and even deepened– mechanisms of central control over state governments. Under a narrative of coordination and joint planning, federal support continued to be conditioned on states’ alignment with priorities defined by the federal Executive, thereby reducing in practice the margins of autonomy in setting local agendas.

An illustrative example of this dynamic can be seen in June 2025, when the federal government signed agreements with 14 governors for the establishment of the so-called “Economic Development Poles for Well-Being” (*Polos de Desarrollo Economico para el Bienestar*) (Zuñiga, 2025). These zones, designed to attract investment through fiscal incentives, were defined at the federal level, linking the allocation

GRAPH 1. APPROVAL RATE OF BILLS SENT TO CONGRESS BY THE EXECUTIVE



Source: In-house elaboration with information from Signos Vitales (2024) and Monroy (2025).

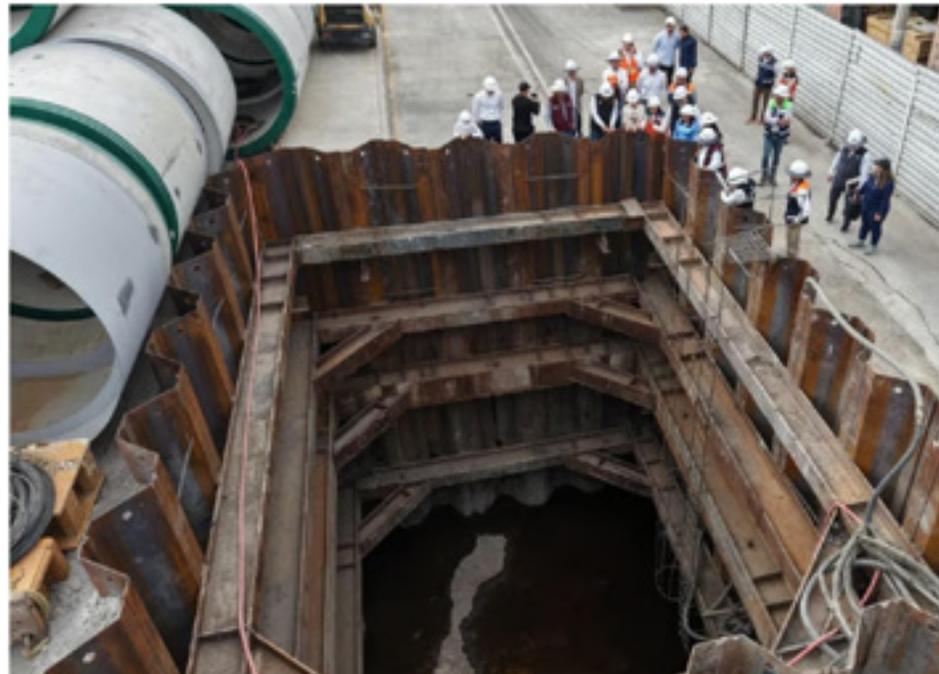
of resources to states' alignment with priorities established by the Executive. Given that Sheinbaum identified infrastructure –particularly potable water, roads and transport– as one of the central axes of her six-year term, state governments oriented their projects toward these areas in order to access federal financing.

On the other hand, the Security Strategy likewise reflects a centralization of security, with the National Guard and the Ministry of National Defense assuming leadership and with a call for governors to join the Peacebuilding Strategy (*Estrategia de Construcción de la Paz*). Under the narrative that the pacification of the country depends on articulation among states, federal forces and prosecutors' offices, as well as on strengthening a policy that addresses the causes of violence, the president has repeatedly urged state governments to align with the federal level.

Thus, during the 52nd Ordinary Session of the National Public Security Council in December 2025, Sheinbaum instructed governors to align their security proposals with the national agenda (Gobierno de México, 2025). In practice, this means that if, for example, a state had local laws that treated extortion as an offense with procedures different from the federal

framework, the president's instruction entails modifying them so that they coincide with national law. While it can be noted that coordination between the federal and state levels contrasts with the open confrontation of Lopez Obrador's six-year term, Sheinbaum's approach leaves less room for each state to act with full autonomy in defining its budgetary or policy priorities, since participation in strategies depends on alignment with federal objectives.

*Given that Sheinbaum identified infrastructure – particularly potable water, roads and transport– as one of the central axes of her six-year term, state governments oriented their projects toward these areas in order to access federal financing.*



*Image: Chalco Collector at <https://www.chilango.com/noticias/asi-avanzan-las-obras-del-colector-de-chalco-cuando-quedara-listo/>*

### 1.1.2 THE WEAKENING OF CONSTITUTIONALLY AUTONOMOUS BODIES AS A CONTINUATION

In continuity with the trend toward an increasingly concentrated presidentialism, the first year of Claudia Sheinbaum's government was characterized by the deepening of the weakening of constitutionally autonomous bodies. Rather than reversing the process inherited from the previous administration, the new government advanced the absorption of strategic functions into federal Executive agencies, resuming and accelerating an institutional reconfiguration project previously documented in Signos Vitales analyses (Signos Vitales, 2024).

As we analyzed in the report Lopez Obrador's Legacy, the administration ended with the significant weakening of several constitutionally autonomous bodies (OCA) and handed to its successor the project to eliminate seven OCAs (Signos Vitales, 2024). Consequently, as one of her first acts as head of the Executive, Sheinbaum secured approval of the constitutional reform in November 2024. At the beginning of 2025, with only a few autonomous institutions remaining, it becomes particularly relevant to observe that President Sheinbaum not only continued the process of institutional weakening but has also accelerated opacity in matters of checks and balances.

### NATIONAL INSTITUTE FOR TRANSPARENCY, ACCESS TO INFORMATION AND PROTECTION OF PERSONAL DATA (INAI)

As a result of the approval of the constitutional reform in 2024, INAI was formally abolished in March 2025. As Signos Vitales has reported, INAI was among the constitutionally autonomous bodies that faced constant attacks from the presidential pulpit during Lopez Obrador's term, along with significant budget cuts that had already constrained its operations and autonomy (Signos Vitales, 2024). With the reform's definitive approval during Sheinbaum's administration, the institute's principal function—guaranteeing rights of access to information and the protection of personal data—was transferred to the newly created Ministry of Anti-Corruption and Good Government and its new decentralized body, “Transparency for the People” (Transparencia para el Pueblo). Likewise, the National Transparency System (SNT), which held the authority to regulate the National Transparency Platform (PNT)<sup>2</sup>, came to be operated and adminis-

<sup>2</sup> Since 2016, the PNT had concentrated the public information that the institutions and agencies of the federal government as well as the country's municipalities are required to present. On the platform there were numerous reports of contracts, expenses, directories and reports as well as curricula of officials. With this, data until 2022 reveal that the PNT has been the main means by which citizens have exercised the

*With only a few autonomous institutions remaining, it becomes particularly relevant to observe that President Sheinbaum not only continued the process of institutional weakening but has also accelerated opacity in matters of checks and balances.*



*Image:* Blanca Lilia Ibarra, INAI commissioner, (National Institute for Transparency Access and Information), at <https://www.milenio.com/politica/situacion-inai-pone-riesgo-derechos-fundamentales-blanca-ibarra>

tered by the SABG. It is important to note here that at the time of INAI’s closure, this platform contained more than 14 million data records.

While the government celebrated that the functions absorbed by the SAGB will require only 35% of INAI’s budget and both Sheinbaum and the head of the SABG, Rachel Buenrostro, have maintained the narrative that the new structure guarantees and strengthens access to transparency, multiple experts and journalists have warned that the government is now “judge and party” in transparency matters (Yañez,

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right to information, with 98.6% of information requests that have been made in this way.



*Image:* Raquel Buenrostro, Minister of Anti-Corruption and Good Government) (SABG), at <https://forbes.com.mx/buenrostro-dice-que-trabajara-por-un-gobierno-mas-eficiente-a-traves-de-la-funcion-publica/>

2025), which has resulted in a deterioration in the quality of the information that can be accessed. With the government acting as the intermediary between the information requester and the relevant authority, anonymity is lost and there is a risk that investigations of sensitive cases will no longer be carried out openly.

Data available at the close of this report confirm these concerns: from March 21, 2025 to December 31, 2025, a total of 15,828 complaints related to access to information were recorded. Meanwhile, over the same period in 2024, a total of 39,081 complaints had been

*Multiple experts and journalists have warned that the government is now “judge and party” in transparency matters (Yañez, 2025), which has resulted in a deterioration in the quality of the information that can be accessed.*

registered. In matters of personal data protection, from March 21, 2024 to December 31, 2024, a total of 3,593 complaints were recorded, whereas in the same period of 2025 only 633 were registered (PNT, 2026). This reflects a significant decrease in the number of requests, which, although it could be interpreted as an improvement in the indicator, can also be read as a lower propensity among citizens to exercise their right of access to information and, therefore, as a deterioration in effective transparency.

Regarding the resolutions of requests, the system reports a total of 3,025 dismissals in the March–December 2025 period, representing 18% of complaints, while 7,151 complaints (16%) were dismissed in the same period of 2024 (PNT, 2026). Without a doubt, the INAI case illustrates how Sheinbaum’s government continues the concentration of power and the weakening of democratic checks and balances.

#### NATIONAL HUMAN RIGHTS COMMISSION (CNDH)

As has been noted in previous Signos Vitales reports, both the autonomy and the effectiveness of the CNDH were questioned during Lopez Obrador’s term (Signos Vitales, 2024) and several sources suggest that since Claudia Sheinbaum assumed the presidency, the CNDH has not shown substantive improvements in its transparency standards.

On the contrary, it has maintained a defensive institutional communication strategy: under the stewardship of Rosario Piedra Ibarra, the CNDH has consistently published messages and press releases defending its autonomy and its defense of the people, arguing that since she took office, the institution has issued more recommendations than ever. According to public information, this claim is valid: under her leadership, the CNDH has issued a total of 1,233 recommendations, the highest figure since the institution’s creation. Nevertheless, when examining the follow-up to these recommendations, it is important to note that only 0.7% of cases effectively achieve compliance (Arcos Robledo, 2025). In addition, the CNDH has reduced the public impact of its special reports, prioritizing general communiques and avoiding systematic diagnoses with disaggregated data. With respect to annual reports, experts in-

*The CNDH has reduced the public impact of its special reports, prioritizing general communiques and avoiding systematic diagnoses with disaggregated data. With respect to annual reports, experts indicate that these lack verifiable indicators regarding compliance or reparation of harm.*

dicate that these lack verifiable indicators regarding compliance or reparation of harm.

On the other hand, the number of complaints received has fluctuated: INEGI data show that the CNDH received a total of 74,563 complaint requests by the end of 2024, representing a 3.5% increase compared to 2023; of these, 55.8% were accepted to open a file for an alleged human rights violation (INEGI, 2025). According to the National Alert System for Human Rights Violations itself, in 2024 the CNDH recorded a total of 16,208 case files, while in 2025 there was a slight increase to 18,839 records (SNA, 2025). It should be noted that the SNA website does not allow annual comparisons across all categories and that the 2025 figures have not been officially confirmed by the institution. This handling of data demands an investigation of an increasingly complex reality and raises further questions regarding the CNDH's transparency.

The autonomy of the CNDH has been one of the most questioned issues during the first year of the Sheinbaum government. Although formally it is a constitutionally autonomous body (OCA), public perception has been of political subordination to the Executive. This is due to several factors. Among others, the head of the CNDH herself has downplayed its role as



*Image:* Rosario Ibarra, head of CNDH at <https://www.jornada.com.mx/noticia/2024/11/07/politica/familia-de-rosario-piedra-201cun-simbolo-de-lucha-en-mexico201d-sheinbaum-6012>

*Rosario Ibarra, head of CNDH has downplayed her role as a counterweight, stating that it is not an entity separate from the state but part of it.*

a counterweight, stating that it is not an entity separate from the state but part of it<sup>3</sup>. Second, through-

<sup>3</sup> In a public event in May 2025, Ibarra declared: “We are not an entity outside the State, we are part of it, so just as it is clear that the government is not the State, the CNDH does not measure its autonomy today based on its disagreements with the authorities nor does it assume itself as a counterweight to any power.” <https://www.infobae.com/mexico/2025/05/09/rosario-piedra-asegura-que-la-cndh-es-parte-del-estado-y-no-es-contrapeso-de-ningun-poder/>

out 2025, the CNDH has refrained from issuing statements in sensitive areas such as:

- » The expansion of the Armed Forces' role in civilian tasks,
- » The security strategy and the use of force and
- » The crisis of disappearances

Concrete examples include, among others: In April 2025, Amnesty International publicly called on the CNDH to acknowledge the crisis of disappearances in Mexico and to assume a more active role in its defense, after the UN announced the possibility of initiating international proceedings in light of the context of systematic disappearances. However, the CNDH did not publicly join this acknowledgment nor did it issue a statement. Moreover, during 2025 the institution issued only one recommendation on enforced disappearance in a case dating back to 2012 (Centro Prodh, 2025). This undoubtedly draws attention and raises questions about its work in the context of disappearances in Mexico.

Similarly, according to the National Alert System for Human Rights Violations, case files were registered against the Ministry of National Defense and the National Guard for alleged human rights violations, with 450 and 387 complaints, respectively, through-

out 2025. Of the complaints received regarding the National Guard, the CNDH closed 197 on the grounds that they allegedly did not substantiate any human rights violation. While the CNDH issued statements in other specific cases, the institution –unlike other independent bodies or human rights defenders– has not made extensive public pronouncements on the federal policy of military deployment for internal security, nor has it explicitly linked these findings to a structural critique of the federal government's security strategy. That is, it has not used the available data as the basis for a public stance.

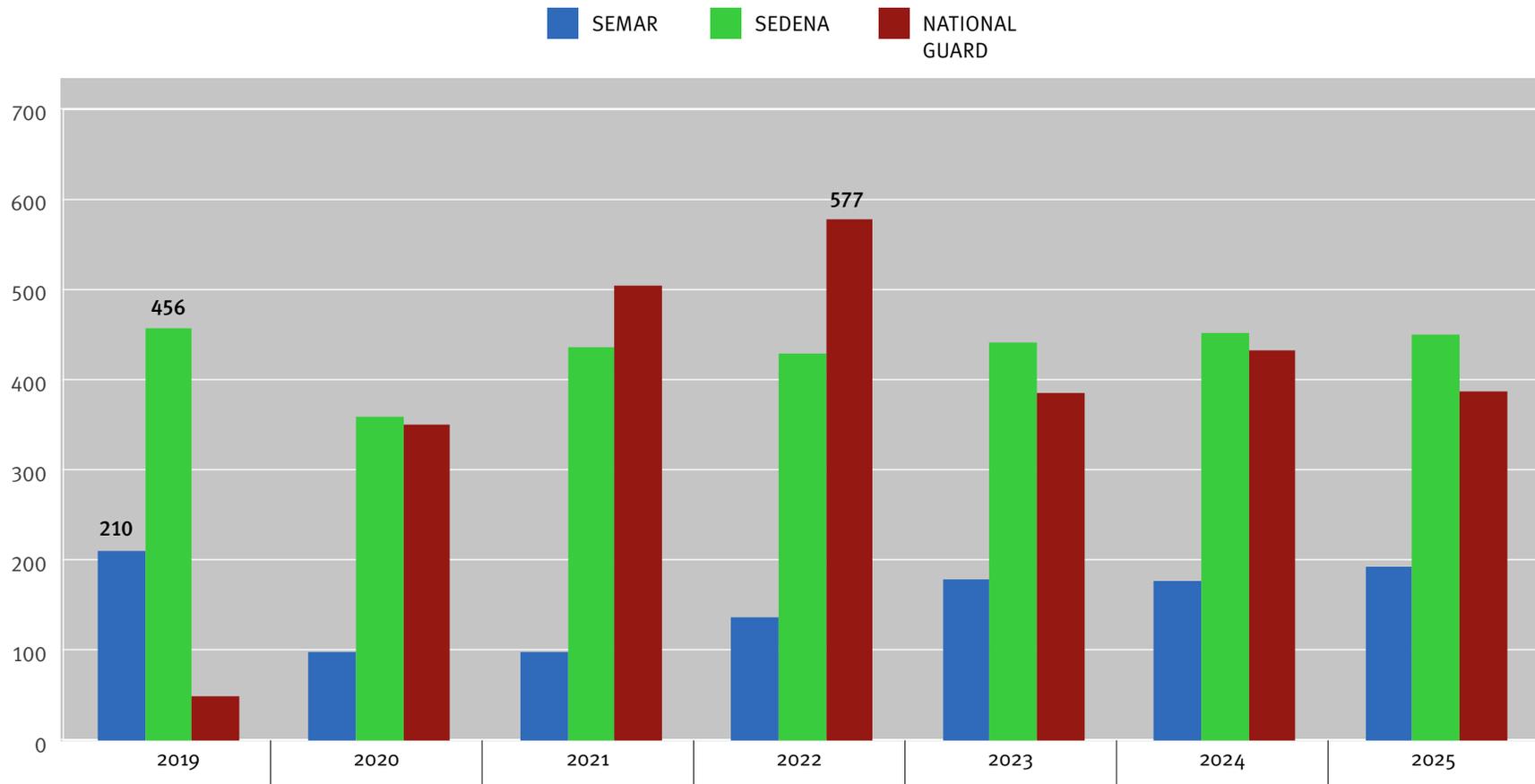
Other investigations by Centro Prodh indicate that during 2025, the CNDH registered a total of 980 complaint case files against the Armed Forces, of which it reports having issued determinations in 506 (Centro Prodh, 2025). Nonetheless, only one general recommendation was issued to the Armed Forces (addressed to Sedena) and 11 recommendations for serious violations addressed to Sedena and Semar. In addition, 5 of the 12 recommendations concern events that occurred between 2010 and 2013 and only one is related to events during President Sheinbaum's first year (Centro Prodh, 2025).

*The CNDH registered a total of 980 complaint case files against the Armed Forces, of which it reports having issued determinations in 506. Nonetheless, only one general recommendation was issued to the Armed Forces (addressed to Sedena) and 11 recommendations for serious violations addressed to Sedena and Semar. Five of the 12 recommendations concern events that occurred between 2010 and 2013 and only one is related to events during President Sheinbaum's first year (Centro Prodh, 2025).*

Finally, and as reported by Signos Vitales, within the framework of the activation of Article 34 of the UN Committee on Enforced Disappearances (CED), the CNDH issued extensive statements that echoed the federal government’s discourse, denying responsi-

bility with respect to disappearances. In a statement issued in April 2025, the CNDH declared that the Committee’s position was “completely decontextualized from the reasons that motivate the persistence of disappearances” (CNDH, 2025). In another state-

GRAPH 2. COMPLAINTS RECEIVED AGAINST THE ARMED FORCES BY THE CNDH 2019–2025



Source: In-house elaboration with information from the National Human Rights Violation Alert System (SNA, 2025).

TABLE 1. RECOMMENDATIONS TO THE ARMED FORCES BY THE CNDH 2019–2025			
YEAR	SEMAR	SEDENA	NATIONAL GUARD
2019	5	4	
2020	3	5	0
2021	7	4	0
2022	15	15	0
2023	15	12	10
2024	7	5	1
2025	7	8	1

Source: In-house elaboration with information from the National Human Rights Violation Alert System (SNA, 2025).

ment, it referred to the UN’s actions as an “intervention by foreign bodies” and asserted that its position “undermines” Mexico’s sovereignty (CNDH, 2025a). Likewise, the CNDH proceeded to criticize the CED for minimizing the country’s progress on the matter.

Taken together, the performance of the National Human Rights Commission during the first year of Claudia Sheinbaum’s government evidences a sub-

stantive weakening of its role as an institutional counterweight. Far from consolidating itself as an autonomous actor in the defense of human rights, the Commission has operated under a logic of political containment and discursive alignment with the Executive, reducing the structural scope of its recommendations and avoiding firm pronouncements in the face of serious violations, particularly those linked to the actions of the Armed Forces (Centro Prodh, 2025).

*The deterioration of public trust in the CNDH –reflected in recent surveys and independent measurements– does not constitute an isolated phenomenon, but rather a direct consequence of its performance during 2025 (CNDH, 2024; CMDH, 2025).*

This dynamic has contributed to the normalization of an institutional vacuum in the human rights sphere. The absence of systematic diagnoses, verifiable indicators and public demands for accountability limits the state's capacity to recognize, prevent and correct structural violations. In this context, the deterioration of public trust in the CNDH –reflected in recent surveys and independent measurements– does not constitute an isolated phenomenon, but rather a direct consequence of its performance during 2025 (CNDH, 2024; CMDH, 2025).

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### 1.1.3 JUDICIAL REFORM: ELECTIONS AND THE AMPARO LAW

In the initiative submitted by the federal Executive on February 5, 2024 to the Chamber of Deputies, the proposed decree to amend, add to and repeal various provisions of the Political Constitution of the United Mexican States with regard to the Judiciary was presented. Within the statement of reasons, impunity, the lack of effective access to justice and the distance between judicial authorities and society were identified as structural problems underlying the lack of legitimacy in decisions, as well as inefficiency and corruption within the system (Camara de Diputados del H. Congreso de la Union, 2024).

The reform was not presented in isolation, but rather as part of the Fourth Transformation project promoted by the government of Andres Manuel Lopez Obrador, who proposed it and signed the decree for publication after it was approved by the Federal Congress and more than half of the state legislatures on September 15, 2024 (Diario Oficial de la Federacion, 2024).

In continuity with this narrative, President Claudia Sheinbaum has argued that the reform is part of building a new country, against corruption and privileges (Gobierno de Mexico, 2025a). Nevertheless,

beyond its political justification, the judicial reform represents a substantial change with respect to the provisions governing the composition, functioning and oversight of the Judiciary in Mexico. Institutionally, these changes directly affect judicial independence, accountability mechanisms and the balance of powers, making the reform one of the central axes of state redesign during the first year of government.

As part of the judicial reform, on June 1, 2025, the election day for the Extraordinary Electoral Process 2024–2025 was held to elect the posts of justices of the Supreme Court of Justice of the Nation (SCJN), the magistracies of the Electoral Tribunal's Upper and Regional Chambers (TEPJF), the members of the Judicial Discipline Tribunal, as well as circuit magistracies and district judges. According to the National Electoral Institute (INE), turnout as a share of the electoral roll was between 12.57% and 13.32% (INE, 2025). As analyzed in Signos Vitales' report *Fractures in the Engines of Social Mobility in Mexico*, both the candidate selection process and low voter participation generated a series of criticisms inside and outside Mexico. Among other points, experts warned of several risks associated with the legitimacy and quality of justice, arguing that popular election neither guarantees greater legitimacy nor improves the quality of



Image: "Employees of the judicial power protest against the reform of president Andres Manuel Lopez Obrador at the Supreme Court of Justice this month in Mexico City. Lus Antonio Rojas for The New York Times" at <https://www.nytimes.com/es/2024/08/30/espanol/america-latina/como-se-eligen-jueces-paises.html>



Image: "Candidacies questioned in the judges elections in Mexico" at <https://www.france24.com/es>

judicial rulings. Likewise, the new model creates the risk that individuals lacking the necessary technical training and experience will gain access to judicial office, thereby affecting judicial proceedings (Signos Vitales, 2025a).

Subsequently, on September 15, 2025, President Claudia Sheinbaum proposed to reform the Amparo Law. Coincidentally, that day marked one year since the publication of the judicial reform that established popular vote as the new method of judicial selection in Mexico. The law was approved rapidly and published in the Official Gazette (DOF) on October 16, 2025 (DOF, 2025) and, like the June elections, received multiple criticisms from the opposition and subject-matter experts, who argued that amparo has been rendered practically inoperative.

As a mechanism of constitutional review and a fundamental instrument for access to justice –because it allows individuals to challenge acts or laws that affect their human rights– it is important to highlight certain specific aspects of the new law in the context of an increasingly strong presidentialism and the continuing weakening of democratic checks and balances in the country. By way of reference, in 2024, 48.1% of the matters handled by the Federal Judiciary were

*According to the National Electoral Institute (INE), turnout as a share of the electoral roll was between 12.57% and 13.32% (INE, 2025). Both the candidate selection process and low voter participation generated a series of criticisms inside and outside Mexico.*



*Image: "A person holds the instructions on how to vote during a meeting in Mexico City, on 28th May" Fernando Llano (AP) at <https://elpais.com/mexico/2025-05-30/los-acordeones-el-ultimo-dolor-de-cabeza-del-ine-ante-la-eleccion-judicial.html>*

amparo proceedings (Campos, 2025). It is important to clarify that amparo cases are decided by justices, magistrates and judges who must be independent and impartial; in June 2025 all of these individuals were elected in a highly questioned process, precisely because of the lack of transparency in its execution and the proximity of many candidates (especially in the Supreme Court) to the Morena party.

In fact, investigations by Mexicans Against Corruption and Impunity (MCCI) show that 56% of the new members of the Supreme Court have at least one relative working in the current government; in the Electoral Tribunal's Upper Chamber, this figure rises to 71% and overall the investigation identified 27 relatives of judicial officials with direct ties to the Sheinbaum government (Gomez-Robledo *et al.*, 2025).

Like the judicial reform as a whole, the Amparo Law was approved with the promise of expediting judicial proceedings, reducing impunity and strengthening citizens' trust in justice. However, several experts have noted that the law does not place individuals or their rights at the center. On the contrary, among other changes, it eliminated the instrument of provisional suspension, a mechanism that allowed the alleged rights-violating act to be halted while the federal judi-

ciary resolved the merits of the case. In addition, so-called "legitimate interest" was restricted. In other words, the law now limits who can bring an amparo action. Previously, legitimate interest allowed groups of people (not only individuals) to defend rights such as environmental protection, education, or public spaces. With the restriction, judges will no longer have discretion to decide on a case-by-case basis, but will instead be bound by a rigid definition, making it more difficult for collectives to gain access to amparo.

That said, the changes noted do not completely eliminate legitimate interest nor do they prevent the granting of suspension. It remains possible to argue that an individual, group, or organization has legitimate interest, as well as to request that authorities halt the challenged act when it is considered to violate human rights while the amparo proceeding is resolved. Nevertheless, both to demonstrate such interest and to obtain suspension, it remains indispensable to have high technical and legal capacity, given the complexity of legal arguments and the system of appeals governing the procedure. In practice, this implies that only those with money and expert lawyers can navigate a lengthy and complex process; that is, access to justice becomes even more problematic.

*The Amparo Law was approved with the promise of expediting judicial proceedings, reducing impunity and strengthening citizens' trust in justice. However, several experts have noted that the law does not place individuals or their rights at the center.*



*Image:* New Supreme Court of Justice of the Nation at <https://www.scjn.gob.mx/pleno>. Ministers: Loretta Ortiz Alhf; Lenia Batres Guadarrama, Presidente Hugo Aguilar Ortiz, Yasmin Esquivel Mossa, Maria Estela Rios Gonzalez; Ministros: Aristides Rodrigo Guerrero Garcia, Giovanni Azael Figueroa Mejia, Irving Espinosa Betanzo, Sara Irene Herrerias Guerra.

Looking ahead, the weakening of amparo will not only affect the courts, but will also increase risks beyond the judicial sphere. Both the judicial reform and the Amparo Law were premised on the idea that authorities always act correctly, when in reality high levels of corruption persist, as shown in various Signos Vitales reports. With the reform and the new Amparo Law, there is no doubt that greater discretionary power has been granted to unreliable authorities; at the same time, uncertainty has increased regarding the proper functioning of the judicial system, which in turn may have implications for democracy, investment and human rights in Mexico.

*The weakening of amparo will not only affect the courts, but will also increase risks beyond the judicial sphere. Both the judicial reform and the Amparo Law were premised on the idea that authorities always act correctly, when in reality high levels of corruption persist.*

## 1.2 (In)security and militarization

The security policy implemented during the first year of Claudia Sheinbaum's government should be analyzed as the continuation of a structural model rather than as a strategic shift. Although the official discourse has insisted on a new phase based on addressing root causes and the use of intelligence, in practice the design and implementation of the strategy maintained—and deepened—the centrality of the Armed Forces in public security tasks and territorial management.

### 1.2.1 GOVERNMENT INITIATIVES AGAINST ORGANIZED CRIME

The National Public Security Strategy has been analyzed by various experts with respect to its likelihood of success in the short and medium term, as well as in relation to its differences and similarities with prior strategies. As reported by Signos Vitales, the handling of information on homicides and disappearances during the first 100 days of the Sheinbaum government showed that her administration did not differ from her predecessor's modus operandi, but rather continued to modify information or present non-verifiable data in order to project an unrealistic portrayal of the country's situation. That said, throughout her

*While "Operation Northern Border" focuses on visible terrestrial controls, the new technologies being deployed appear to be beyond the reach of government systems.*

first year, Sheinbaum promoted several additional initiatives with the explicit objective of underscoring the fight against violence. The combined analysis of these measures, contrasted with the data available at the end of 2025, makes it possible to critically assess the alleged sustained success embedded in the official narrative.

### OPERATION NORTHERN BORDER

Since February 5, 2025 and under pressure from the United States, Sheinbaum ordered the deployment of 10,000 members of the National Guard and 2,100 members of the Mexican Army to Mexico's northern border. The so-called "Operation Northern Border" was presented as a decisive offensive to regain control over 18 critical points in the states of Baja California, Tamaulipas, Sonora, Chihuahua, Coahuila and Nuevo Leon. On January 12, 2026, the Security Cabinet reported that since this deployment more than 10,000 individuals linked to organized crime have been detained and that 7,869 firearms have been seized.

Nevertheless, the on-the-ground balance reflects a more complex scenario. While the figures on arrests and seizures may be considered significant, several sources note that the regenerative capacity of criminal



*Image:* "Carlos Manzo † was the mayor of Uruapan, in Michoacan state, in September, 2024" Facebook at <https://www.bbc.com/mundo/articles/cx27d57ne310>

structures remains questionable. Journalistic reports indicate that violence has become normalized in the states concerned; moreover, records of criminal activity show a shift toward the use of information technologies and an increase in the complexity of underground engineering (Maceda, 2026). While Operation Northern Border focuses on visible terrestrial controls, the new technologies being deployed appear to be beyond the reach of government systems.

*Michoacan being one of the most important states in terms of international agro-trade, extortion has reached record levels and the cooptation of public servants has become a reality.*

## MICHOACAN PLAN

Following the assassination of the mayor of Uruapan (Michoacan), Carlos Manzo, President Sheinbaum launched the “Michoacan Plan for Peace and Justice” on November 9, 2025. Manzo’s assassination was carried out by a 17-year-old linked to the Jalisco New Generation Cartel, who, after the homicide, was detained and executed on site; these events produced a political effect that reached the federal Ministry of Security and triggered a crisis in Michoacan, accompanied by social protests.

Consequently, at its outset the Michoacan Plan contemplated four main pillars, with security as the most important component: the deployment of 10,506 federal personnel and 1,781 Navy personnel was ordered, together with intelligence units and surveillance technology to combat various crimes such as extortion, theft and homicide, among others. With Michoacan being one of the most important states in terms of international agro-trade, extortion has reached record levels and the cooptation of public servants has become a reality.

That said, it is important to note that the Michoacan Plan is not the state’s first security plan. Previously, Presidents Carlos Salinas de Gortari (1988–1994),

Felipe Calderon (2006–2012) and Enrique Peña Nieto (2012–2018) implemented security plans in order to combat drug trafficking and multiple criminal cells. How does Sheinbaum’s plan differ from its predecessors? And, even more importantly, has it produced sustainable effects in a state infiltrated by drug trafficking?

On January 8, 2026, the government presented the first results of the Michoacan Plan. It emphasized that from November 10, 2025 to January 8, 2026, 378 people had been detained and 174 firearms and 851 kg of drugs had been seized. Additionally, 22 organized crime camps were dismantled and a total of 50 illicit taps were secured (Constantino, 2026). These developments have been celebrated by the Sheinbaum government, which in its morning press conferences maintains that results are being achieved and root causes addressed, as has been insisted upon in the national security strategy since the beginning of 2025.

However, an analysis by Mexicans Against Corruption and Impunity (MCCI) highlights that the plan itself appears to repeat “what is known,” applying more surveillance, greater deployment and more force, while leaving aside a weak criminal justice system and failing to account for the structural vulnerability of agri-

*Several security specialists and independent analytical organizations have likewise criticized the plan, arguing that the strategy serves as a political tool rather than as a mechanism to reduce violence (Animal Politico, 2025a).*

cultural producers (Arellano, 2025). Although the new plan includes more than 1,500 social programs and 50,000 scholarships –the hallmark instrument of the 4T to resolve any social concern– the plan does not contemplate comprehensive protection for the agricultural sector nor does it address structural problems such as territorial control by criminal groups (Arellano, 2025). Several security specialists and independent analytical organizations have likewise criticized the plan, arguing that the strategy serves as a political tool rather than as a mechanism to reduce violence (Animal Politico, 2025a). In addition, it is important to underscore that the security actions presented in the Michoacan Plan were, *de facto*, already contemplated since 2024 and the resources used come from funds previously budgeted. This underscores the fact that the Michoacan Plan, ultimately, represents a mechanism of political promotion and appears above all to be “an extrapolation of the National Security Strategy to the Michoacan reality” (Animal Politico, 2025a).

#### STRATEGY AGAINST EXTORTION

Prior to the events in Michoacan, in July 2025 the Government of Mexico launched the National Strategy Against Extortion. In the official communique (Gobierno de Mexico, 2025b), the strategy is composed of five pillars:

- » Generate arrests through investigation and intelligence
- » Promote the creation of local Anti-Extortion Units
- » Apply the victim assistance protocol
- » Train 089 operators in Crisis Management and Negotiation
- » Implement a national prevention campaign

As a complement, in November 2025 the Senate approved the General Law to Prevent, Investigate and Sanction Crimes Related to Extortion, whose objective is to harmonize the definition of the offense and its sanctions nationwide, repealing the 32 existing state frameworks. In doing so, a baseline penalty of 6 to 15 years’ imprisonment and a fine was established, equivalent to the average of the sanctions in force across the federal entities. Nevertheless, several experts have criticized that while this unification seeks to reduce normative fragmentation, the law compiles more than 30 aggravating circumstances,

*In November 2025 the Senate approved the General Law to Prevent, Investigate and Sanction Crimes Related to Extortion, whose objective is to harmonize the definition of the offense and its sanctions nationwide, repealing the 32 existing state framework.*

some formulated ambiguously, which could expand judicial discretion and favor processes of excessive criminalization.

In addition, organizations such as Mexico Unido Contra la Delincuencia (MUCD) have criticized that the proposal privileges an eminently punitive approach, as it incorporates related offenses such as the possession of mobile phones in prison –elevating an administrative infraction to a criminal offense– while denying pre-release benefits to people convicted of extortion unless they cooperate with the authorities (MUCD, 2025); this risks reinforcing a prison policy centered on punishment rather than social reintegration. Although the text mentions prevention and intergovernmental coordination, it lacks binding mechanisms, clear information-sharing protocols and social, educational, or economic policies aimed at addressing the structural causes of extortion. In this sense, the law risks reproducing a strategy of penal hardening without ensuring substantive improvements in institutional capacity to prevent, investigate and effectively sanction the crime.

### **1.2.2 CONTINUITY OF THE MILITARIZED SECURITY MODEL**

Additionally, and as analyzed in the Alert Realities of (In)Security in Mexico, at the beginning of 2025 a militarized approach by the Sheinbaum government has undoubtedly manifested itself. While the security strategy focuses on addressing insecurity through prevention and intelligence, it is concerning to observe that, as during the Lopez Obrador term, the omnipresent participation of the Armed Forces prevails, even though public discourse continues to deny the militarization of public security in Mexico.

### **MILITARIZATION OF THE CIVILIAN SPHERE**

Military presence in areas traditionally civilian has been steadily expanding in recent years, particularly beginning with Andres Manuel Lopez Obrador's six-year term. This expansion continues under Claudia Sheinbaum's government and confirms the persistence of this approach. In legal terms, it should be noted that in July 2025 the new National Guard law was approved. Under it, the National Guard not only came under the full control of the Ministry of National Defense, but the law also allows National Guard members to request special leave to perform civilian functions unrelated to military tasks –for example, to

serve as public officials and to run in electoral processes (Eje Central, 2025).

In addition, the National Development Plan 2025–2030 was presented, as were the sectoral programs of the Ministries of National Defense and of the Navy for the same period. These programs establish the policies, strategies and objectives for the Armed Forces' mandates during the current six-year term. As the first six-year sectoral programs for the military sector following the September 2024 constitutional

*The National Development Plan 2025–2030 was presented, as well as the sectoral programs of the Ministries of National Defense and of the Navy. The programs such as the construction of infrastructure, the administration of state-owned enterprises and port management, once again form part of the military planning of Sheinbaum's administration.*



Images: "General Vallejo: 'The Army will continue in the leadership of construction'" at <https://periodicocontacto.com/general-vallejo-ejercito-continuara-al-frente-de-obras>

"There is opacity in projects lead by the Army, states CMIC / Photo: D. Sanchez/Cuartoscuro" at <https://oem.com.mx/diariodexalapa/local/por-que-a-los-construtores-no-les-gusta-que-el-ejercito-haga-obras-15563099>



reform that opened the legal door to the use of the Armed Forces in civilian functions, it is worth examining them in greater detail.

According to an analysis by Mexico Unido Contra la Delincuencia (MUCD), both programs naturally incorporate functions traditionally civilian. As in Lopez Obrador's six-year term, the construction of infrastructure, the administration of state-owned enterprises and port management once again form part of the military planning of Sheinbaum's administration. The documents clearly state the need for the Ministry of National Defense to continue contributing "to the construction of strategic projects that strengthen Mexico's capacity to promote its economic and social development" (MUCD, 2025a, p. 11).

Likewise, during Lopez Obrador's term a total of 19 airports were registered under the administration of the Ministries of National Defense and of the Navy and multiple strategic projects were transferred to military command (Signos Vitales, 2024). In Sheinbaum's case, not only were the 19 airports maintained throughout her first year, but military participation was expanded to rail and highway projects, such as the National Highway Infrastructure Program 2025 and the construction and administration of passenger trains. As

if that were not enough, the six-year programs additionally foresee that the Ministry of National Defense will participate in the implementation of the IMSS Infrastructure Plan, as well as the certification of National Guard personnel as Foreign Trade Officers. The latter refers to officers who were previously assigned to the Tax Administration Service (SAT), positions that can now be filled by military personnel to review merchandise documentation or inspect baggage.

This "military entrepreneurship" (MUCD, 2025a) undoubtedly contributes to the normalization of military involvement in civilian tasks and shows how the militarization of the civilian sphere deepened during Sheinbaum's first year. Sheinbaum has not reversed militarization; she has institutionalized it.

The deepening of this policy is particularly relevant when considering that the expansion of the Armed Forces' functions has continued despite increasing scrutiny of their performance as administrators of civilian projects. In the airport sector, for example, the Ministry of National Defense was not only in charge of constructing the Felipe Angeles International Airport (AIFA), but also assumed its administration through companies under military control. This scheme concentrated within the military institution responsibili-

*This "military entrepreneurship" (MUCD, 2025a) undoubtedly contributes to the normalization of military involvement in civilian tasks and shows how the militarization of the civilian sphere deepened during Sheinbaum's first year.*

*Sheinbaum has not reversed militarization; she has institutionalized it.*

ties for planning, execution, commercial operation and financial management –domains traditionally civilian and subject to ordinary administrative controls. As analyzed by Signos Vitales in the report Lopez Obrador's Legacy, access to data on the airport's design, objectives and related contracts was limited by declaring the information "national security" (Signos Vitales, 2024). This, in turn, opened debates about contractual transparency, access to public information, operational efficiency and long-term financial viability. Similarly, Mexico City International Airport (AICM) has faced persistent questions since the Ministry of the Navy assumed control, due to operational problems, saturation and deterioration of facilities, as well as logistical failures that did not show substantive improvements despite the change in administration. Finally, military involvement in the construction and operation of railway projects has seen critical episodes –for example, the Transisthmian Train accident in December 2025– which have increased public questioning of the suitability of this model. While several of these events extend beyond Sheinbaum's first year in office, their mention is pertinent because the already questioned effectiveness of military administration in civilian domains formed part of the context in which the decision was made to deepen this strategy.

*The military involvement in the construction and operation of railway projects has seen critical episodes –for example, the Transisthmian Train accident in December 2025– which have increased public questioning of the suitability of this model.*



*Imagen: "Sums up to 14 the number of victims of the derailment of the Interoceanic Train./ Photo: Cuartoscuro" at <https://atiempo.tv/nacional/muertos-del-tren-interoceanico/>*

## BUDGET OF THE ARMED FORCES

With respect to the budget, it is noteworthy that Sheinbaum's government cut the budget for Public Security and the Armed Forces in 2025. According to the 2025 Expenditure Budget (PEF 2025) published in the Official Gazette (DOF) on December 24, 2024, the budget for "Public order and internal security affairs" was cut by 34.8 billion pesos, falling from 86.0 billion pesos in 2024 to 51.2 billion pesos in 2025, that is, a 42.9% reduction (IMCO, 2024).

Regarding the Armed Forces, the total 2025 budget for the Ministry of National Defense, the Ministry of the Navy and the National Guard was 244.4 billion pesos (DOF, 2024a), representing a 43.8% cut compared to 2024. Nonetheless, this budget remained the third highest, behind only the Ministry of Welfare and the Ministry of Public Education. In addition, it is precisely the growing militarization of the civilian sphere that draws attention. Among other matters, the construction and administration of passenger trains is a new function with a striking budgetary scope: to cite a few examples, Sheinbaum allocated 47 billion pesos to the AIFA–Pachuca train, 31 billion pesos to the Mexico City–Queretaro train, 10 billion pesos to the Saltillo–Nuevo Laredo train and the Maya Train likewise

received an additional 40 billion pesos in 2025 (Este Pais, 2026). In this landscape, what is concerning is not only the magnitude of resources allocated to the development of rail infrastructure during the first full year of Sheinbaum's administration, but also the fact that design, planning and operation were assigned to the Ministries of National Defense and of the Navy. There is no doubt that, like her predecessor, Sheinbaum has granted even more resources and power to military institutions.

Without question, Sheinbaum has consolidated the militarization of the state. The Armed Forces not only maintained control over key functions of security and territorial management, but also expanded their economic and administrative role through the National Guard and the direct award of infrastructure works. This strengthening, accompanied by high levels of opacity and growing budgets, contradicts the government narrative of demilitarization and combating insecurity, demonstrating the continuity of a deeply militarized security model.

Finally, the consolidation of the militarized model has had, as a parallel effect, the weakening of state and municipal police forces. Various reports indicate that in 2025 budgets and programs aimed

*State governments received less money to strengthen their local police forces, which in turn reduced their operational and professionalization capacity in the face of the expanding tasks assigned to the Armed Forces.*

*According to INEGI's National Census of Federal and State Public Security, by the end of 2024 there was only one state police officer per thousand inhabitants (INEGI, 2025d).*

at strengthening policing at the local level were significantly reduced, affecting the training, equipment and professionalization of civilian forces. One example is the Fund for Contributions to Public Security (FASP), which constitutes the primary mechanism for transferring federal resources to states to strengthen local police forces and to finance trust-control evaluations, training and equipment. FASP experienced a substantial cut between 2024 and 2025: in the 2025 Expenditure Budget (PEF 2025), 9,565 million pesos were approved, but of that amount only 7,946 million were effectively transferred to the states (Gobierno de Mexico, 2024; 2025).

By comparison, during 2024 the resources available to the federal entities were approximately 8,500 million pesos. In other words, although on paper the approved budget appeared to remain high between 2024 and 2025, in practice state governments received less money to strengthen their local police forces, which in turn reduced their operational and professionalization capacity in the face of the expanding tasks assigned to the Armed Forces. In addition, according to INEGI's National Census of Federal and State Public Security, by the end of 2024 there was only one state police officer per thousand inhabitants (INEGI, 2025). In previous years, the censuses

**TABLE 2. BUDGET FOR RAILWAY INFRASTRUCTURE  
IN CHARGE OF THE ARMED FORCES  
IN 2025 (MMDP)**

<b>NEW PROJECTS</b>	<b>MMDP</b>
MEXICO—QUERETARO TRAIN	31
AIFA—PACHUCA TRAIN	25.8
SALTILLO—NUEVO LAREDO TRAIN	10.3
QUERETARO—IRAPUATO TRAIN	10.3
<b>MAINTENANCE/INTERCONNECTION/EXPANSION</b>	
MAYA TRAIN	41.4
LECHERIA—JALTOCAN—AIFA TRAIN	2.7
MEXICO—TOLUCA TRAIN	10.3
INTEROCEANICO TRAIN	25

*Source:* In-house elaboration with information from CIEP (2025) and IMCO (2024).

*The consolidation of the militarized model has had, as a parallel effect, the weakening of state and municipal police forces.*

had already shown a downward trend: in 2020 and 2021 the density was slightly higher (around 1.1–1.2 officers per thousand inhabitants). By 2022 and 2023 it had already fallen to 1.0, consolidating at that same level in 2024. In sum, these data show a structural staffing deficit in the face of population growth and the expansion of security functions.

Without question, these developments not only reveal the financial weakening of local and state police forces, but also leave municipalities without sufficient resources to confront insecurity. Moreover, the militarization of the civilian sphere has, *de facto*, generated a growing dependence on the Armed Forces, weakening the institutional capacity of civilian police forces and reducing their room for action in proximity and prevention tasks.

*The militarization of the civilian sphere has, de facto, generated a growing dependence on the Armed Forces, weakening the institutional capacity of civilian police forces*

### 1.2.3 AND THE RESULTS –SUCCESSFUL REDUCTION OF VIOLENCE?

Assessing security outcomes during the first year of Claudia Sheinbaum’s government requires distinguishing between the official narrative and the structural indicators of violence. While the government has emphasized reductions in homicides and increases in arrests and seizures, a comprehensive analysis shows that these figures coexist with rises in disappearances, extortion and political violence, as well as with persistent institutional weaknesses in the administration of justice, as documented in previous Signos Vitales analyses (Signos Vitales, 2025).

#### HOMICIDES, DRUGS, ARRESTS

Official data appear to confirm the presidential narrative: according to data from the Mexican government, between October 1, 2024 and December 31, 2025, 318.8 tons of drugs and 21,357 firearms were seized. In addition, a total of 40,735 people were detained for high-impact crimes and 1,887 clandestine laboratories were dismantled (Gobierno de Mexico, 2025c). With respect to extortion –a crime that has gained substantial prominence under the Sheinbaum administration– the government reports having detained 721 extortionists. Compared to previ-

*Assessing security outcomes during the first year of Claudia Sheinbaum’s government requires distinguishing between the official narrative and the structural indicators of violence.*

ous six-year terms, these figures represent a record in the security sphere. However, it is important to note that the number of detainees as an indicator of success should be treated with caution, as it does not necessarily reflect prison admissions, concluded judicial proceedings, or convictions. Looking at Mexico's prison population, this becomes even more relevant: according to journalistic investigations based on official data from the Decentralized Administrative Body for Prevention and Social Reintegration and the Ministry of Security and Citizen Protection, from October 2024 to April 2025 there were 104,534 prison admissions, of which 23,400 correspond to high-impact crimes; this represents only 22% of incarcerations at the national and state levels (Mendez, 2025). Therefore, using the number of arrests as an indicator of success can not only inflate perceptions of the Sheinbaum government's effectiveness in combating violence, but the relatively low proportion of prison admissions also reveals a gap between the official narrative and the judicial reality in the country.

With respect to homicides, in her 100-day address the president highlighted that the daily average of homicide victims fell by 16.3% in December 2024 relative to September 2024 (Animal Politico, 2025). In

the morning press conference of January 28, 2025, the president emphasized that the average of 88.4 daily murders in 2023 had fallen to 82.1 and that for January 2025 there was a preliminary figure of 65.8 (Noguera Romero, 2025). By the end of 2025, official figures from the Security Cabinet reported that the daily average of intentional homicides was at its low-

*By the end of 2025, official figures from the Security Cabinet reported that the daily average of intentional homicides was at its lowest level since 2015.*



Image: "Rancho Izaguirre: 'They say that we are the Mexican Auschwitz, but Teuchitlan is not guilty of this horror'" Getty at <https://www.bbc.com/mundo/articles/cx2g4kpz3nvo>

est level since 2015, with 64 homicides per day, compared to 91.7 in 2024 and 88.4 in 2023, respectively. Likewise, the report notes that the daily average of homicides was at its lowest level since Sheinbaum took office, with 52.4 in December 2025 compared to 86.9 in September 2024, representing a 40% decrease in intentional homicides nationwide (Gobierno de Mexico, 2025c).

At the same time, it is important to highlight that throughout 2025 multiple murders occurred related to extortion and the collection of “derecho de piso” (protection money), including the killing of Bernardo Bravo Manriquez, a lemon growers’ leader in Michoacan and Julio Almanza, president of the Tamaulipas State Federation of Chambers of Commerce (ONC, 2025). Along with Coparmex data, the annual report of the National Citizen Observatory (ONC) underscores that extortion throughout 2025 remained one of the crimes with the greatest structural persistence and stayed at historically high levels, despite the year showing slight declines (ONC, 2025). Likewise, Mexico continues to be one of the most dangerous countries in which to practice journalism, with a total of nine journalists murdered between January and October 2025 (ONC, 2025).

That said, these data have been questioned by several analysts. To begin with, various investigations have shown that official figures are using different parameters and that a mix of indicators has been applied since October 2024, in which homicides occurring in clashes with organized crime groups or bodies found in mass graves since October 2024 are not taken into account (Noguera Romero, 2024). In their most recent reports, organizations such as Causa en Comun and Mexico Evalua have also warned that the federal government has used crime reclassifications to present reductions in intentional homicides that do not correspond to reality. By way of example, while intentional homicide figures appear to have fallen between 2024 and 2025, the number of crimes against life and bodily integrity rose by 5.8% over the same period. In a comprehensive comparison by Mexico Evalua, the data become even more significant: between 2015 and 2025, intentional homicides have, *de facto*, increased by 30.7%, unintentional homicides by 7.7% and crimes against bodily integrity by 368.3% (Mexico Evalua, 2026). The organization has also noted that the states with the highest number of crimes against bodily integrity tend to be those with a strong presence of organized crime, suggesting possible reclassifications rather than real changes

*Causa en Comun and Mexico Evalua have also warned that the federal government has used crime reclassifications to present reductions in intentional homicides that do not correspond to reality. By way of example, while intentional homicide figures appear to have fallen between 2024 and 2025, the number of crimes against life and bodily integrity rose by 5.8% over the same period.*

in the magnitude of violence in the country (Mexico Evalua, 2026). In this sense, the figures underpinning the government's alleged success contrast with the number of disappearances, which have experienced a worrying increase since September 2024.

## DISAPPEARANCES

While Lopez Obrador ended his term with a record number of missing persons, the new administration has not been able to reverse the trend. According to figures from the National Registry of Disappeared and Unlocated Persons (RNPDNO), in the first half of 2025 alone, 7,399 disappearances were recorded nationwide. By comparison, over the same period from January to June 2024, 6,275 disappearances had been recorded, indicating an 18% increase in 2025 (RNPDNO, 2026).

Considering almost all of 2025, from January 1 to December 18, 2025, a total of 33,595 missing persons were recorded; of these, 19,781 people (58.88%) were located (Rojas, 2025). Nevertheless, several incidents throughout 2025 call these alleged "locations" into question, as cases have been reported in which the Prosecutor's Office published that a person had been located but victims' relatives have been unable to confirm it. These inconsistencies have eroded the

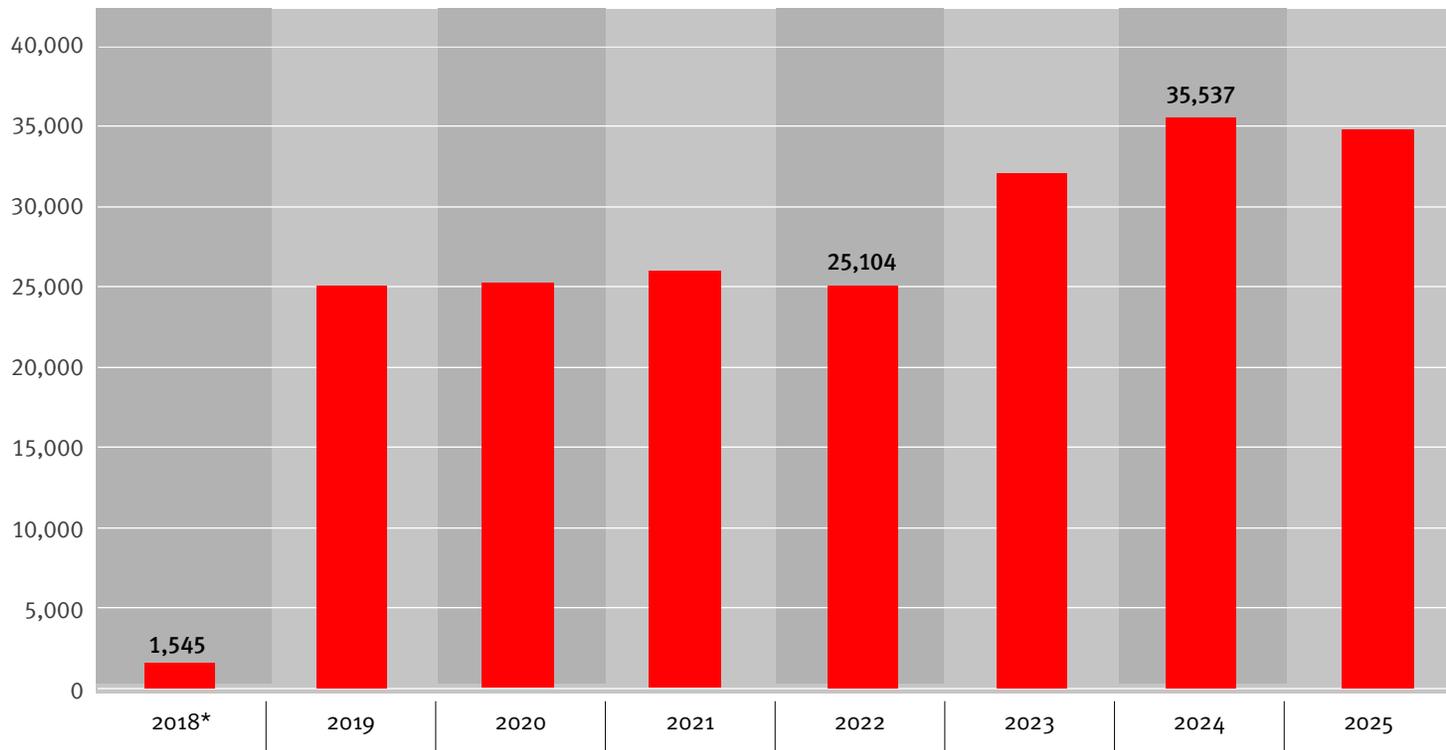
credibility of official figures and have reinforced the complaints of collectives and civil society organizations regarding the discretionary use of the concept of "location," which in practice does not always imply clarification of the person's actual whereabouts. Far from reversing the inherited crisis, the Sheinbaum administration thus faces growing questions about transparency, data quality and the real effectiveness of public policy on disappearances.

At the state level, the State of Mexico remains the entity with the highest number of registered disappearances (5,653 people). Likewise, in Mexico City the number of missing and unlocated persons increased by 88%, from 585 between January and June 2024 to 1,099 people in 2025 (Ortega, 2025).

While the Sheinbaum government has, since the beginning of its term, celebrated the decline in high-impact homicides, the figures on disappearances reveal a different reality of security in Mexico. According to the organization Mexico Evalua, homicide figures do not capture the institutional weaknesses—both of police forces and of prosecutors' offices—in identifying bodies or in countering organized crime's disappearance tactics. In line with the above, investigations by the Citizen Observatory indicate that the National

*The states with the highest number of crimes against bodily integrity tend to be those with a strong presence of organized crime, suggesting possible reclassifications rather than real changes in the magnitude of violence in the country (Mexico Evalua, 2026).*

GRAPH 3. NUMBER OF MISSING PEOPLE IN MEXICO FOR THE 2019–2025



Note: The year 2018 only includes December as Lopez Obrador's first month..

Source: In-house elaboration with information from RNPDNO (2026).

*The figures for the government's supposed success contrast sharply with the number of disappearances, which have experienced a worrying increase since September 2024.*

*In the first half of 2025 alone, 7,399 disappearances were registered nationwide, an 18% increase for the year 2025 (RNPDNO, 2026).*

Registry of Disappeared and Unlocated Persons presented discrepancies between the figures reported on January 11 and those reported on January 21. This translated into a reduction in the 2025 figure of disappeared and unlocated persons (ONC, 2025).

In addition, the case of the Attorney General of the Republic, Alejandro Gertz Manero, lays bare a profound crisis of institutional governance characterized by opacity, lack of autonomy and the absence of accountability within the Prosecutor's Office. Gertz Manero resigned as head of the Office of the Attor-

*The figures for disappearances show another reality of security in Mexico.*

ney General of the Republic (FGR) on November 27, 2025, after seven years in office marked by controversies and political pressure. Although it was presented as a personal decision to assume an ambassadorship, his departure occurred before a possible removal by the Senate. Throughout his tenure, Gertz Manero did not appear before Congress to render reports, did not present any Strategic Plan for the Administration of Justice and abandoned national databases in the forensic, femicide and torture spheres (Maza, 2025). Despite this, Gertz has faced no administrative liability proceedings for omission in office. Several analysts and journalistic reports have characterized his tenure as clear proof of the Prosecutor's Office's lack of autonomy and near-total opacity, which has aggravated the situation of violence in Mexico.

Lastly, the official narrative throughout 2025, when contrasted with the available data, indicates a clear manipulation of the country's security reality. The handling of information on homicides and disappearances undoubtedly shows that the current administration does not differ from its predecessor's modus operandi, but rather continues to modify information or present non-verifiable data in order to portray an unrealistic situation in the country. In this regard, it is important to place on record that the measures al-



Image: "Gertz Manero leaves the Prosecutor's Office" at <https://www.altonivel.com.mx/sale-alejandro-gertz-manero-de-la-fgr-esto-es-lo-que-sabemos/>

legedly implemented under the new security strategy appear insufficient and run counter to the narrative of success advanced by the president (Signos Vitales, 2025).

*Several analysts and journalistic reports have characterized Gerts Manero's tenure as clear proof of the Prosecutor's Office's lack of autonomy and near-total opacity, which has aggravated the situation of violence in Mexico.*

## EXTORTION

When analyzing available extortion data, it is noteworthy that prior to the extortion strategy presented in July 2025, extortion in Mexico had reached record levels, with 5,887 victims recorded from January to June 2025. This not only represented a 6.9% increase compared to the same period in 2024, but also constituted the highest level since records began (Coparmex, 2025). In addition, the same Coparmex report notes that 96.7% of extortion cases still went unreported (Coparmex, 2025).

Since the Sheinbaum government's strategy began with the implementation of the 089 number to report extortion cases, official figures indicate that the line has received more than 110,000 calls; from these, a total of 4,350 investigation files were opened (Viedma, 2026). Likewise, the Minister of Security and Citizen Protection, Omar Garcia Harfuch, emphasized in December that during 2025 more than 600 individuals linked to the crime of extortion were detained across 22 states in the country (Gobierno de Mexico, 2025).

While these figures could suggest the strategy's success in terms of reporting, as of the closing of this report there are no official data indicating a reduction



*Image:* Omar Garcia Harfuch, minister of Security at <https://www.merca20.com/que-dijo-omar-garcia-harfuch-en-la-mañana-los-datos-clave-sobre-la-estrategia-de-seguridad-de-claudia-sheinbaum/>

in the underlying trend of extortion. On the contrary, some preliminary data indicate that extortion increased by 23.1% in 2025 (MND, 2025). In this context, the president has on several occasions described the eradication of extortion as one of the greatest challenges and priorities of her administration. At the Security Council meeting in December 2025, Sheinbaum also urged governors to harmonize their legal frameworks with the General Law to Prevent, Investigate and Sanction Extortion and to inform the Secretariat no later than the last business day of January 2026 (Gobierno de Mexico, 2025).

*Extortion in Mexico had reached record levels, with 5,887 victims recorded from January to June 2025. This not only represented a 6.9% increase compared to the same period in 2024, but also constituted the highest level since records began (Coparmex, 2025).*

## PERCEPTION OF INSECURITY

To conclude, perceptions of insecurity in the country experienced little variation throughout 2025. Data from the Urban Security Survey show that while in June 2025, 63.2% of the population reported feeling unsafe in their city, the perception of insecurity fell by only 0.2 percentage points (to 63%) in the third quarter of 2025. In December 2025, the perception of insecurity rose again to 63.8% (INEGI, 2026). These percentages remain higher than in September 2024 (the last month of Lopez Obrador's term) (58.6%) (INEGI, 2025a) or even than in December 2024 (the second month of Sheinbaum's term) (61.7%) (INEGI, 2026).

At the municipal level, third-quarter 2025 data show another, even more relevant trend: in 23 of the 33 urban areas evaluated by INEGI, an increase in the perception of insecurity was recorded relative to September 2024. Likewise, by December 2025, INEGI reported an additional increase in the perception of insecurity in seven urban areas (INEGI, 2026). Consistent with the above, in September 2025, 34% of the population considered that, over the next 12 months, the insecurity situation would remain just as bad. This percentage represents a sustained increase compared to June 2025 (32.5%) and September 2024 (31.8%). By December 2025, this perception stood at

33.7%, representing an increase of 2.8 percentage points compared to December 2024.

Likewise, the perception that the insecurity situation will worsen also showed an upward trend: it rose from 21.6% in December 2024 to 23.9% in September 2025 and closed December 2025 at its highest level, with 25.6% of the population anticipating a deterioration of security over the next 12 months. These unfavorable expectations contrast with the Sheinbaum government's official narrative, which has celebrated a 32% decrease in recorded homicides throughout 2025.

As reported by Signos Vitales, the perception of insecurity has not been limited to the national sphere. On the contrary, Mexico's global image has been damaged by media coverage of events such as mass disappearances, femicides and the revelation of cartel extermination sites, creating a narrative of a country with serious deficiencies in security and human rights (Signos Vitales, 2025). Reports by international organizations such as Human Rights Watch and Amnesty International likewise point to structural failures in the government's response to violence. Similarly, the activation of Article 34 by the United Nations underscores the perception that there are systematic or widespread practices of enforced disappearance (Signos Vitales, 2025).

*In December 2025, 33.7% of the population considered that, over the next 12 months, the insecurity situation would remain just as bad, and 25.6% anticipated a deterioration of security.*

*Almost 60% of the population anticipates that insecurity will remain very bad.*

## POLITICAL VIOLENCE

Another issue that has drawn attention throughout Sheinbaum's first year is the resurgence of political violence. While verbal and physical attacks on public officials of different ranks have characterized the public sphere –especially during electoral processes– in the past, Sheinbaum's first year evidenced an unusually high number of attacks that point to a new threshold of violence. This surge does not occur in a vacuum: it is embedded in a context of organized crime's territorial expansion that already conditions governability across broad areas of the country. Prior estimates –such as the study disseminated by AC+ Consultores– placed criminal presence in around 81% of the national territory, based on the identification of dozens of organizations with extended municipal operations. More recently, reports based on U.S. intelligence assessments have maintained that the main cartels maintain or even expand their footprint to encompass 31 or 32 federal entities. The critical point is that this presence is not merely geographic; it translates into control of local economies, systematic extortion and pressure on public decisions, including the capture of institutional nodes.

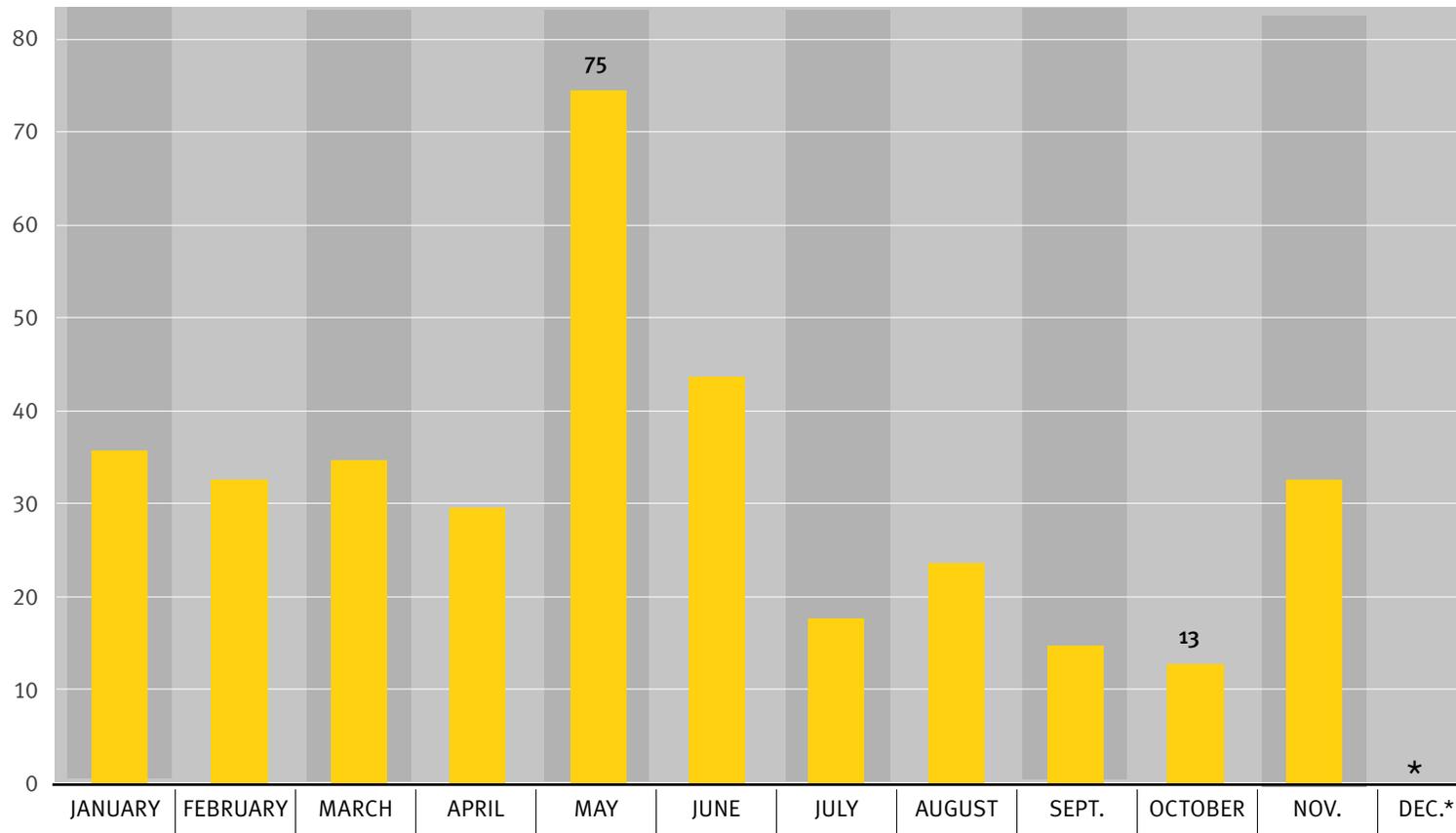
In this framework, political violence takes on a different meaning: not only as an expression of polarization

or electoral contestation, but as a mechanism of discipline and territorial control. That said, a total of 10 killings of municipal presidents or mayors have been documented between October 2024 and November 2025. Added to this are the murders of the personal secretary and the advisor to the Head of Government of Mexico City in May 2025. According to research by the consultancy Integralia, political violence was not limited to municipal presidents; it also reached political figures, (former) officials, or aspirants. In the first half of 2025 alone, 253 incidents of political violence were identified, including 112 killings, 74 threats, 33 shootings, 17 kidnappings and 11 disappearances (Integralia, 2025). In its political risk analysis for 2026, the consultancy updated the figure to 356 incidents of political violence between January and November 2025 (Integralia, 2026).

While several of these cases remain under investigation, the common denominator has been the involvement of organized crime and the concentration of attacks at the municipal level; in fact, 79% of the attacks recorded in the first half of the year occurred at the municipal level. This figure is not only alarming, but also raises doubts as to whether the multiple strategies, legislative initiatives and actions of the Sheinbaum government are having the intended ef-

*Prior estimates –such as the study disseminated by AC+ Consultores– placed criminal presence in around 81% of the national territory, based on the identification of dozens of organizations with extended municipal operations.*

GRAPH 4. CASES OF POLITICAL VIOLENCE IN 2025



*Note:* At the close of this report there were no public sources that reported on the number of cases of political violence that occurred in the last month of December.

*Source:* Integralia, 2026.

fect. The fact that most attacks are occurring at the municipal level also makes clear that organized crime continues to prioritize municipal control. That said, it becomes interesting to correlate these data with an-

other element: organized crime's territorial control.

*Integralia updated the figure to 356 incidents of political violence between January and November, 2025 (Integralia, 2026).*

## MURDERED MAYORS

### Claudia Sheinbaum's first year of government 1/2

*The fact that most attacks are occurring at the municipal level also makes clear that organized crime continues to prioritize municipal control.*



ALEJANDRO ARCOS CATALAN  
Chilpancingo, Gro. 6 10.2024



ROMAN RUIZ BOHORQUEZ  
Candelaria Loxicha, Oax. 15.10.2024



JESUS FRANCO LARRAGA  
Tancanhuitz, SLP. 12.2024



MARIO HERNANDEZ GARCIA  
S. Amoltepec, Oax. 15.12.2024



SALVADOR BASTIDA GARCIA  
Tacambaro, Mich. 5.05.2025

*Images:* <https://www.radiovision.com.mx/?p=8409>; <https://www.milenio.com/estados/quien-es-roman-ruiz-alcaldede-candelaria-loxicha-asesinado>; <https://radiosonora.com.mx/ejecutan-al-alcaldemorenista-de-tancanhuitz-san-luis-potosi-jesus-franco-larraga/>; <https://elpais.com/mexico/2025-05-15/asesinado-en-una-emboscada-el-presidente-municipal-de-santiago-amoltepec-en-oaxaca.html>; <https://quinto-poder.mx/politicos/2025/06/06/asesinan-a-salvador-bastida-alcaldede-tacambaro-53711.html>

## MURDERED MAYORS

### Claudia Sheinbaum's first year of government 2/2

*The common denominator has been the involvement of organized crime and the concentration of attacks at the municipal level; in fact 79% of the attacks recorded occurred at the municipal level.*



YOLANDA SANCHEZ FIGUEROA  
Cotija, Mich. 06.2025



MARTHA L. MENDOZA MENDOZA Tepala-  
catepec, Mich. 17.06.2025



ISAIAS ROJAS RAMIREZ  
Metlatonoc, Gro. 06.2025



MIGUEL BAHENA SOLORZANO  
Pisaflores, Hgo. 20.10.2025



CARLOS ALBERTO MANZO  
Uruapan, Mich. 1.11.2025

*Images:* <https://www.milenio.com/estados/alcaldesa-cotija-yolanda-sanchez-localizada-autobus>; <https://mvsnoticias.com/entrevistas/2025/6/17/asesinato-de-alcaldesa-martha-laura-mendoza-evidencia-que-en-michoacan-la-autoridad-esta-rebasada-697483.html>; <https://www.grupovx.com/app/posts/fallece-isaias-rojas-ramirez-almcalde-de-metlatonoc-guerrero-tras-ataque-en-la-autopista-del-sol>; <https://www.nmas.com.mx/nacional/seguridad/almcalde-de-pisaflores-hidalgo-asesinado-miguel-bahena-solorzano/>; <https://www.elsiglodetorreon.com.mx/noticia/2025/como-se-elegira-al-sustituto-de-carlos-manzo-en-uruapan-esto-dice-la-ley.html>

## TERRITORIAL CONTROL BY ORGANIZED CRIME

As analyzed in Signos Vitales' report *Lopez Obrador's Legacy*, by the end of Lopez Obrador's administration, research showed that organized crime had a presence in 81% of Mexican territory (Signos Vitales, 2024), while the Sinaloa Cartel and the Jalisco New Generation Cartel had a presence in 28 and 24 states of the Republic, respectively. In addition, reports indicated the emergence of at least five new cartels and/or criminal groups throughout 2024 (Martinez, 2024).

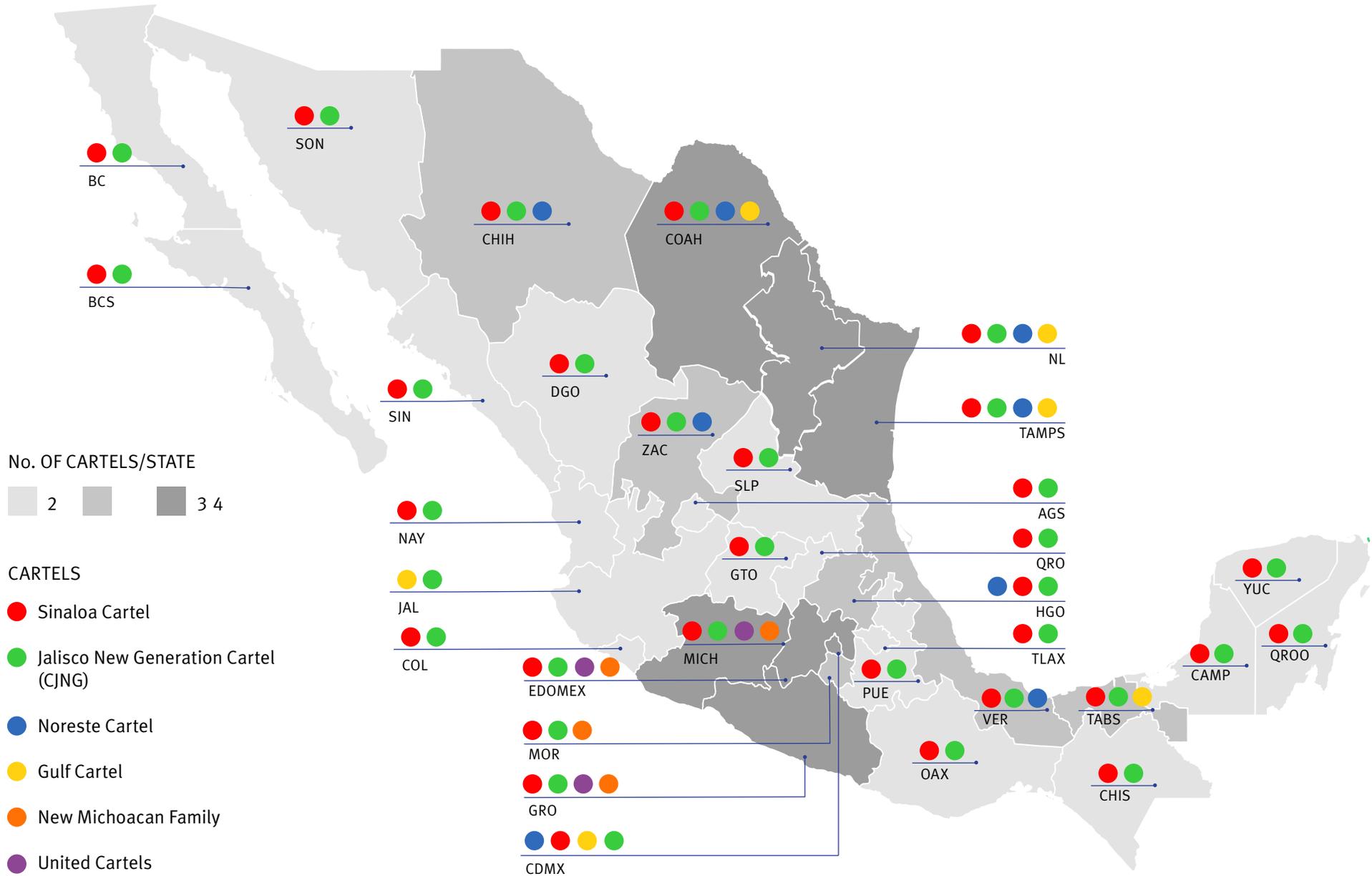
A 2025 DEA report notes that cartels and criminal groups continued their territorial expansion. Among the largest cartels –the Sinaloa Cartel and the Jalisco New Generation Cartel– since 2024 their presence has increased from 28 to 31 states and from 24 to 32 states, respectively. Another noteworthy revelation in the DEA report is the possible alliance between El Mayo's faction and the Northeast Cartel. This development is consistent with the mergers, fragmentations and adaptations of cartels previously reported in 2024. According to the DEA's official report, the updated landscape of the territorial presence of Mexico's principal cartels can be summarized as follows (Quinto Poder, 2025):

- » CJNG | 32 states (all of Mexico)
- » Sinaloa Cartel | 31 states (excludes Jalisco)
- » Northeast Cartel | 8 states (north and center)
- » New Michoacan Family | 4 states (center-south: Guerrero, Michoacan, Morelos, State of Mexico)
- » United Cartels | 3 states (Guerrero, Michoacan, State of Mexico)
- » Gulf Cartel | 6 states (north and center)

Finally, in its report, the DEA highlights in particular how local governments are being overwhelmed by the cartels' logistical and financial capacity. This confirms the already noted correlation between local-level political violence and the territorial expansion of organized crime. All of this leaves no doubt that the multiple seizures, high-profile arrests and celebrated strategies of the Sheinbaum government have not contributed to the eradication of violence or, for that matter, of organized crime in Mexico.

*Local governments are being overwhelmed by the cartels' logistical and financial capacity. This confirms the already noted correlation between local-level political violence and the territorial expansion of organized crime (DEA Report).*

FIGURE 1. TERRITORIAL DISTRIBUTION OF CARTELS IN MEXICO



Source: In-house elaboration with data from Quinto Poder, 2025.

## PUBLIC OFFICIALS' INVOLVEMENT IN CRIME

Sheinbaum's first year also witnessed a wave of public scandals over the alleged involvement of politicians with organized crime. This was driven largely by U.S. investigations throughout 2025, during which multiple cases were published in which public officials were accused of having links to criminal groups. Although several alleged links between organized crime and public officials had already been noted in previous administrations, during 2025 the accusations intensified. This was due, in large part, to increased pressure from the United States, but it became even more salient because of the president's questionable handling of the allegations. Moreover, beyond the allegations concerning individuals and political trajectories, examples began to stand out that point to structural schemes of collusion or institutional capture.

In this logic, a particularly revealing case of the interaction between organized crime and the state is *huachicol fiscal*: a modality of smuggling and tax evasion in the importation of gasoline and diesel –by, for example, declaring them as petrochemical products or other goods subject to different tax treatment –which makes it possible to evade taxes

and move fuels using falsified documentation. Beyond the revenue loss, its political relevance is two-fold: on the one hand, it exposes the vulnerability of customs and oversight chains (where the participation or omission of public servants becomes an operational condition of the scheme); on the other, it financially strengthens criminal networks and distorts local markets through extortion, logistical control and the capture of entry points. In practice, *huachicol fiscal* functions as a thermometer of institutional corruption: if the state does not control the fiscal and customs border, the security strategy becomes subordinate to a criminal economy that adapts, diversifies and penetrates. Under this same premise –the difficulty of severing the interface between institutions and criminal economies– the most high-profile cases of the period stand out.

Among the most high-profile cases is Adan Augusto Lopez, former governor of Tabasco and former coordinator of Morena's senators. After it became known that his former security secretary, Hernan Bermudez Requena, is being investigated by the FGR as the leader of the criminal group La Barredora, both Augusto Lopez and Sheinbaum denied any involvement, emphasizing that there were no formal charges. In multiple morning press conferences, Sheinbaum has

*A particularly revealing case of the interaction between organized crime and the state is huachicol fiscal: a modality of smuggling and tax evasion in the importation of gasoline and diesel.*



*Image:* Adan Augusto Lopez at <https://www.eluniversal.com.mx/nacion/adan-augusto-rechaza-acuerdo-con-la-delincuencia-para-ganar-eleccion-del-2018-en-tabasco/>

also stressed that any investigation must be based on evidence and not assumptions.

Likewise, the current federal deputy Cuauhtemoc Blanco has been singled out for alleged links to drug trafficking during his tenure as mayor of Cuernavaca, Morelos. Similar to the handling of the Augusto Lopez case, the president has been consistent in denying that there is evidence. The case of the governor of Baja California, Marina del Pilar Avila Olmeda, added another layer to the complexity of the issue: following allegations of ties to drug trafficking and money laundering, the United States government proceeded to revoke her visa in May 2025. With this, the gover-



*Image:* Cuauhtemoc Blanco at <https://www.eluniversal.com.mx/estados/cuauhtemoc-blanco-se-ausenta-como-gobernador-de-morelos-para-asumir-cargo-como-diputado-federal/>

nor headed a list of at least 50 public officials whose visas were revoked by the U.S. government. The existence of the list was revealed by the British news agency Reuters without naming names, although several politicians made their revocation public; the president, for her part, has denied knowing who is on the list.

The president's response to the multiple accusations and reports published throughout her first year can be summarized mainly as 1) denying the existence of evidence, 2) rejecting (international) reports and 3) making abstract promises of "zero impunity" or issuing rhetorical statements. Similarly, when pressured—

*Huachicol fiscal functions as a thermometer of institutional corruption:*

*if the State does not control the fiscal and customs border, the security strategy becomes subordinate to a criminal economy that adapts, diversifies and penetrates.*



*Image:* Marina del Pilar Avila and Claudia Sheinbaum at <https://www.instagram.com/p/DEvaHdXxUQX/>

particularly by the Trump government– Sheinbaum has responded by emphasizing national sovereignty without addressing the allegations, in many cases against politicians from her own party and several opposition calls to investigate have likewise not resulted in legal or criminal actions. On the contrary, Sheinbaum has repeatedly limited herself to stating that Mexico is combating crime and that action is taken on the basis of evidence.

Beyond the president’s questionable handling, the generalized revocation of visas –especially of members of the ruling Morena party– has complicated the tense relationship between Mexico and the United States. Moreover, it underscores how organized

*Beyond the president’s questionable handling, the generalized revocation of visas –especially of members of the ruling Morena party– has complicated the tense relationship between Mexico and the United States.*

*It underscores how organized crime has reached unprecedented levels of expansion thanks to hidden alliances with the government in power..*

crime has reached unprecedented levels of expansion thanks to hidden alliances with the government in power. In this vein, the consultancy Integralia notes in its Political Risk Analysis for 2026 that criminal regimes endure due to ongoing impunity and the links between officials and politicians and organized crime (Integralia, 2026).

In sum, the government of Claudia Sheinbaum has constructed a narrative of success in security policy, highlighting record seizures, massive arrests and a significant reduction in homicides. However, these advances are widely questioned due to methodological inconsistencies and the exclusion of certain homicides from official statistics. In parallel, structural

problems such as extortion, enforced disappearances, political violence and organized crime's territorial control persist –and even worsen– along with a high perception of insecurity among the population. This is compounded by a profound institutional crisis within prosecutors' offices, a lack of transparency, questions surrounding alleged links between politicians and organized crime and a deterioration of Mexico's international image. Taken together, the available data suggest that the security strategy has been insufficient and that the official narrative does not fully reflect the reality of violence in the country. While the shift in the security strategy and the government's multiple initiatives may be characterized as positive, the facts show a clear lack of will and capacity on the part of the Sheinbaum administration to sustainably sever the ties between politics and organized crime.

*Data suggest that the security strategy has been insufficient and that the official narrative does not fully reflect the reality of violence in the country.*

## 1.3 Governance challenges

### 1.3.1 INTERNAL GOVERNANCE CONFLICTS

Throughout 2025, Sheinbaum faced persistent tensions within Morena, revealing clear limits to internal governance within the ruling bloc. Beyond specific episodes, a continuous pattern of political crises involving prominent movement figures was observed during the year, forcing the president to intervene frequently to contain political damage, set a position, or delimit responsibilities. An investigation by Politico MX, based on the stenographic review of the morning press conferences, documented that between May and July 2025 alone, Sheinbaum made at least 39 direct mentions related to Morena's internal conflicts (Ramos, 2025). Although this period concentrated a significant share of media attention, the data show that internal crisis management was a constant throughout the year, with repeated mentions linked to intra-party disputes, leaders' personal scandals and controversies involving allied governors. In addition to the previously mentioned cases related to the revocation of visas for several Morena officials due to alleged ties to organized crime, the public conduct of key legislative leaders generated political costs for the Executive.

*The dynamics of Sheinbaum's internal crisis management was a constant throughout the year, with repeated mentions linked to intra-party disputes, leaders' personal scandals and controversies involving allied governors.*



*Image:* Fernandez Noroña demanded apologies from Congress at <https://www.milenio.com/politica/exige-norona-que-congreso-le-pida-disculpas>

The case of Gerardo Fernandez Noroña, president of the Senate, illustrated problems of institutional discipline within Morena: in May 2025, Fernandez Noroña demanded a public apology from a citizen who had confronted and verbally assaulted him in a hall of Mexico City International Airport; subsequently, in August 2025, during a session of the Permanent Commission, Noroña became involved in a physical confrontation with the PRI leader, Alejandro “Alito” Moreno, following a procedural disagreement over speaking times. The use of his office for personal confrontations and controversial symbolic acts drew criticism for abuse of power and weakened the narrative of institution-



*Image:* Fernandez Noroña in altercation with Alejandro Moreno at <https://elpais.com/mexico/2025-08-29/la-agresion-de-alito-a-norona-impulsa-la-unidad-en-morena-y-quita-terreno-a-la-oposicion.html>

alism promoted by the new government. Although these episodes did not result in internal sanctions, they did require presidential statements aimed at distancing the Executive from individual conduct.

Another constant axis of tension during 2025 was the contradiction between the discourse of republican austerity and the practices of senior party leaders. International trips by figures such as Ricardo Monreal and Andres Manuel Lopez Beltran, documented by the press, generated recurring public questions. Andres “Andy” Lopez Beltran –Morena’s Secretary of Organization and son of former president Andres

*Although these episodes did not result in internal sanctions, they did require presidential statements aimed at distancing the Executive from individual conduct.*



*Image:* Ricardo Monreal in Spain at <https://www.elfinanciero.com.mx/food-and-drink/2025/07/2/ricardo-monreal-desayuna-en-flor-y-nata-cuanto-cuesta-ir-al-restaurant-de-madrid/>

Manuel Lopez Obrador –sparked controversy in July–August 2025 over a trip to Tokyo, Japan. Images and reports showed the politician staying at a luxury hotel for approximately two weeks, which generated extensive media and political attention.

Similarly, the coordinator of Morena’s parliamentary group in the Chamber of Deputies, Ricardo Monreal Avila, generated significant political controversy in 2025 over a vacation in Spain that coincided with the legislative recess and was widely disseminated in media and networks. Initially, his absence from party events such as Morena’s National Council fueled



*Image:* "Andy" Andres Lopez Beltran at <https://aristeguinoticias.com/0609/mexico/morena-tabasco-propone-a-andres-lopez-beltran-hijo-de-Lopez-Obrador-como-segundo-en-dirigencia-nacional/>

speculation about his whereabouts and priorities. Although Monreal claimed the trip was personal in nature, it drew criticism because it appeared to contradict the austerity and humility discourse promoted by Morena.

Several journalistic investigations revealed that Adan Augusto Lopez Hernandez, senator and former Secretary of the Interior, received close to 79 million pesos between 2023 and 2024 from private companies –some linked to relatives or considered shell companies– and that these resources did not appear clearly in his asset declarations before the Senate.

Although he stated that he had declared them to the SAT and attributed them to “family inheritances” and professional fees, the lack of alignment between his declarations and the reported figures has been a central focus of the controversy.

Similarly, Gerardo Fernandez Noroña became embroiled again in criticism over inconsistency with his austerity narrative when it was reported that the president of the Senate had acquired a mansion valued at more than 12 million pesos in the state of Morelos. When questioned, Noroña stated that he “has no personal obligation to be austere” (Cortes, 2025), which was interpreted by opponents and analysts as a controversial justification that undermined his credibility.

In response to these media scandals, Sheinbaum reiterated in various morning press conferences calls to exercise power “with humility” and “with consistency” (Zuñiga, 2025a), reflecting the absence of effective internal mechanisms to prevent or sanction politically costly behavior, thereby shifting damage control directly onto the presidential figure. Likewise, throughout the year conflicts accumulated between Morena governors and social sectors, particularly on issues of freedom of expression and institutional

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control. Legal initiatives and judicial actions promoted in states governed by the party were interpreted as attempts at censorship or partisan use of power, generating friction with civil society organizations and the media. The cases of Campeche and Puebla stand out here.

In June 2025, the governor of Campeche, Layda Sansores, accused journalist Jorge Gonzalez Valdez of alleged “incitement to hatred, defamation and slander.” Despite having proven his innocence, the judge arraigned him for allegedly ordering the publication of notes and offensive content against the Morena politician. In Puebla, for its part, the Cybersecurity Law was enacted, which includes the concept of “cyber-harassment” for insults and offenses toward another person on social media and digital spaces and punishes it with up to three years in prison. This reform was



*Image:* Layda Sansores demands apologies at <https://losangelespress.org/mexico-violento/2025/aug/10/periodistas-obligados-a-disculparse-con-la-gobernadora-de-campeche-12700.html>

dubbed the “Censorship Law” by several journalists and experts (Ramos, 2025). Faced with criticism over these cases in Morena-governed states –especially perceptions of censorship or partisan use of the judiciary– President Claudia Sheinbaum defended the local executives, but she was also compelled to qualify her position, stating that in Mexico “no one is censored” (Cisneros, 2025) and that freedom of expression is guaranteed, while legislation such as Puebla’s seeks to combat cyberbullying, not silence criticism. In other words, although these decisions were made at the local level, the political cost was reflected at the



*Image:* Armenta lashes out against UN and defends the Censorship Law at <https://etcetera.com.mx/nacional/arremete-armenta-contra-onu-defiende-ley-censura/>

federal level, once again forcing the president to take a stance to avoid further erosion of the government’s democratic image.

On the strictly partisan plane, 2025 also evidenced an early and open dispute over control of Morena looking ahead to 2027. Public statements by figures such as Ricardo Monreal about internal fractures (El Financiero, 2025), competition for candidacies and the absence of effective arbitration showed that the party lacks a clear conflict-resolution mechanism, unlike more institutionalized party structures. Under

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this same premise, Sheinbaum’s legislative initiative seeking to prohibit direct relatives of public officials from running as candidates was adapted to take effect beginning in 2030, rather than 2027 as originally proposed by Sheinbaum (Deutsche Welle, 2025).

Taken together, Claudia Sheinbaum’s first year in office shows that, despite formal control of legislative majorities and the state apparatus, Morena’s internal governance constitutes one of the main structural challenges of the political project. The absence of effective mechanisms of party discipline, the tolerance of conduct that contradicts the official discourse and the personalization of crisis management have shifted onto the Executive the political costs of a party that still operates more as a coalition of leaders than as an institutionalized organization of government (Ramos, 2025; Deutsche Welle, 2025).

*Morena’s internal governance constitutes one of the main structural challenges of the political project.*

### 1.3.2 SOCIAL PROTESTS AND DISCONTENT

In addition to internal conflicts, 2025 saw the resurgence of social protests and discontent. Among the most widely covered protests were those convened by youth collectives self-identified as “Generation Z Mexico,” which emerged in October and November 2025. With the aim of expressing dissatisfaction with the government over violence and the management of security, marches in several states pointed to a perception that the state’s responses to insecurity and abuses of power were insufficient. The government, for its part, responded by criticizing the origins of the protests and questioning their authenticity, generating an additional clash with youth sectors and the media.

Other expressions of discontent took the form of blockades and closures of highways, toll booths and access roads to airports. In November, 29 highway blockades were recorded across 17 states, carried out by transport workers and agricultural producers protesting insecurity conditions and sectoral demands (Tapia, 2025). The geographic breadth extraordinarily affected supply chains and caused economic losses estimated between 3 and 6 billion pesos (Tapia, 2025). Various risk analysts and experts confirm

that social conflict remained latent throughout 2025. In this regard, Integralia included social discontent among the ten main political risks for 2026, warning that it could intensify in the context of the 2026 FIFA World Cup, an event that could spur new mobilizations to make accumulated social demands visible.

Although Lopez Obrador's first year registered a higher volume of protests than Sheinbaum's first year, the mobilizations of 2025 contrasted with extraordinarily high levels of presidential approval: according to an El Financiero survey marking Sheinbaum's first year in October 2025, the president's approval stood at 73%, five percentage points higher than Lopez Obrador's approval in his first year (Moreno, 2025). This fact was celebrated at great length by the president herself and her cabinet.

However, a more detailed analysis of the survey reveals that the areas with the lowest approval were precisely the handling of public security, corruption and organized crime, at 52%, 75% and 74%, respectively –unfavorable assessments of the Sheinbaum administration's performance (Moreno, 2025). By the end of 2025, another El Financiero survey indicated an overall citizen approval of 69%. In the three areas with the least support, the assessment showed fur-

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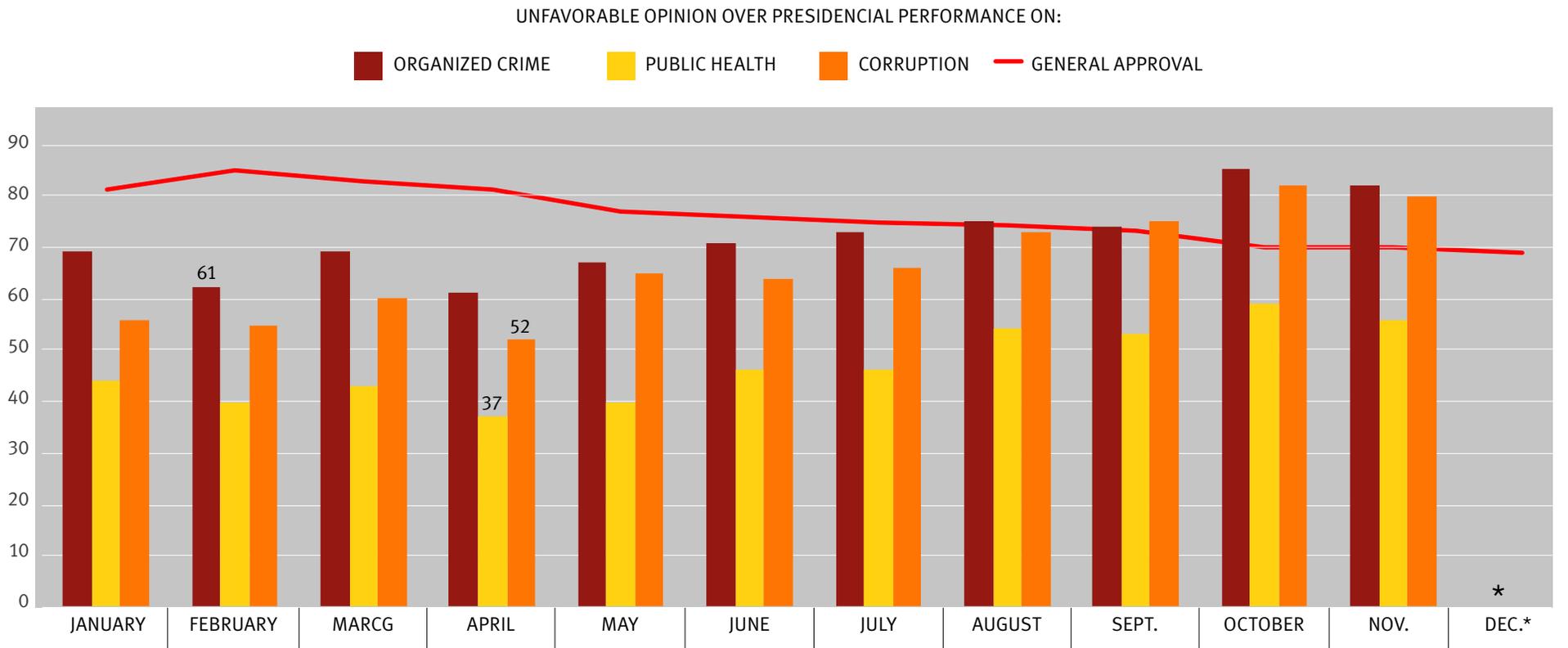


*Image: "Demonstration inspired by Z Generation gathers thousands of critics of the Mexican government. There are 120 wounded" at <https://abc7.com/post/marcha-inspirada-por-la-generacion-z-suma-miles-de-criticos-al-gobierno-mexicano-hay-120-heridos/18167466/>*

ther deterioration: in public security, negative opinions reached 57% and in corruption and organized crime, unfavorable evaluations remained at elevated levels, at 76% in both areas.

*The lowest approval of the Sheinbaum's administration were: handling of public security, corruption and organized crime, at 52%, 75% and 74%, respectively (Moreno, 2025).*

GRAPH 5. EVOLUTION OF THE PRESIDENTIAL APPROVAL AND DISAPPROVAL RATE (JANUARY–DECEMBER 2025)



Note: \*At the close of this report there were no public sources that measured public opinion on the presidential performance on specific issues in the last month of December.

Source: In-house elaboration with information from Moreno (2025).

## FINAL CONSIDERATIONS:

### THE TRILOGY OF POWER IN MEXICO 2025

Although presidential approval can be regarded as extraordinary –positioning Sheinbaum among the most popular leaders in Latin America– the data presented here yield a critical assessment from the outset of her term. The first year of Claudia Sheinbaum’s government confirmed that the presidential transition did not entail a substantive reconfiguration of the governance model built during the previous six-year administration. On the contrary, 2025 was characterized by the consolidation of structural dynamics that redefined the balances of the Mexican state: a presidentialism reinforced by legislative majorities, a sustained expansion of the role of the Armed Forces in civil and security functions and a progressive weakening of institutional checks and balances. Taken together, these factors shaped a highly concentrated governance environment, with direct effects on democratic quality and on the state’s own capacity for self-correction.

Far from representing a rupture with the immediate past, the Sheinbaum government deepened previously initiated processes. The inherited architecture of political power enabled the Executive to advance

structural reforms without the need for interparty negotiation, narrowing the space for democratic deliberation and reinforcing a vertical decision-making logic. In this context, Congress operated in a predominantly reactive manner, while federalism was reconfigured under schemes of conditional coordination that constrained the effective autonomy of state governments. The centralization of power –less confrontational in its rhetoric– remained firm in practice.

One of the most salient features of the period was the erosion of constitutionally autonomous bodies as pillars of the system of checks and balances. The dismantling of the INAI and the limited performance of institutions such as the CNDH revealed a tendency toward the absorption of oversight and control functions by the Executive, creating a scenario in which the state effectively supervises itself. This institutional reconfiguration not only reduced transparency and accountability, but also contributed to the normalization of a vacuum in effective oversight over the exercise of public power.

In the domain of security, the first year of government confirmed the continuity of a deeply militarized model. Despite an official narrative centered on addressing root causes and employing intelligence, the

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implemented strategy maintained –and expanded– the centrality of the Armed Forces in public security tasks, territorial control and the management of strategic projects. Militarization ceased to be framed as a temporary solution and consolidated as a structural component of the state, with long-term implications for civilian life, transparency and democratic control.

While the government reported progress in specific indicators –particularly in the reduction of homicides– these outcomes coexisted with unresolved structural problems. The rise in disappearances, the persistence of extortion, local-level political violence and the territorial expansion of organized crime underscored the limits of a strategy centered on coercive deployment. The available figures suggest that violence was not eradicated but reconfigured, shifting toward less visible yet equally corrosive forms for governance and social cohesion.

In that same terrain, the problem is no longer only the coercive capacity of organized crime, but its penetration into state circuits, which fuels –domestically and internationally– criticism of a possible “narco-government.” The public evidence accumulated in 2025 pointed, on the one hand, to criminal-economic schemes that require institutional tolerance or omis-

sion, such as so-called *Huachicol fiscal* and other modalities of fuel smuggling linked to transnational networks. On the other hand, the discussion escalated to the international arena: Reuters documented U.S. pressure to investigate politicians allegedly linked to cartels and reported the revocation of visas for more than 50 Mexican politicians and officials as an instrument of diplomatic pressure. Added to this, official U.S. assessments –such as the DEA’s annual evaluation– underscore the structural weight of Mexican cartels in production, routes and associated corruption, reinforcing the perception that the problem has ceased to be marginal and has become systemic. Taken together, this environment erodes credibility, complicates bilateral cooperation and deepens the accountability deficit: when the boundary between authority and the criminal economy becomes blurred, security ceases to be measured solely by homicides and becomes a matter of state integrity.

These tensions in security and institutional capacity were reflected in growing governance challenges. The first year of government was marked by internal conflicts within the ruling party, recurrent political crises and a constant personalization of damage control, which shifted onto the Executive the costs of weak

*The rise in disappearances, the persistence of extortion, local-level political violence and the territorial expansion of organized crime underscored the limits of a strategy centered on coercive deployment.*

party discipline and of insufficient internal oversight mechanisms. At the same time, the resurgence of social protests and the rise in political violence underscore a deterioration in the relationship between the state and broad sectors of society, particularly at the local level.

Looking ahead, the principal risks are not limited to the persistence of violence, but to the consolidation of a governance model with low capacity for self-correction. The combination of concentrated power, weakened checks and balances and militarized security reduces incentives for transparency, accountability and the correction of failed policies. In this scenario, the space for democratic adjustment narrows, while social, institutional and economic costs tend to accumulate silently.

The balance of Claudia Sheinbaum's first year in office leaves a central lesson: political stability based on the concentration of power and on coercive solutions is, by definition, fragile. Without a deliberate reconstruction of civilian institutions, the strengthening of democratic checks and balances and a security strategy that transcends military logic, the country's structural problems will continue to reproduce themselves in new forms. The trilogy of power that defined

Mexico in 2025 did not resolve the underlying tensions; it reorganized them, postponing key decisions that will be unavoidable in the years ahead.

*The combination of concentrated power, weakened checks and balances and militarized security reduces incentives for transparency, accountability and the correction of failed policies.*

*The country's structural problems will continue to reproduce themselves in new forms. The trilogy of power that defined Mexico in 2025 did not resolve the underlying tensions; it reorganized them, postponing key decisions that will be unavoidable in the years ahead.*



## Governance in the first year of Sheinbaum: the Trilogy of Power

- 
- » Centralized governance, lower democratic quality, and reduced capacity for self-correction by the State
- 
- » Structural reforms without inter-party negotiation
- 
- » Erosion of constitutionally autonomous bodies
- 
- » Reduction in transparency and accountability
- 
- » Security: a deeply militarized model
- 
- » Armed Forces: public security, territorial control, and management of strategic projects
- 
- » Reduction in homicides and increase in disappearances. Persistence of extortion and territorial expansion of organized crime
- 
- » Penetration of organized crime into State circuits: narco-government. Criminal-economic schemes and institutional tolerance or complicity: tax evasion
- 
- » Internal conflicts within the ruling party,
- 
- » Deterioration in the relationship between the State and broad sectors of society. Social protests and increased political violence.
-

## 2 SOCIAL COHESION, INEQUALITY AND MOBILITY



Imagen: <https://www.telemundo52.com/noticias/mexico/hospitales-en-el-valle-de-mexico-se-saturan-decenas-viven-una-dura-realidad/2142020/>

# 2 SOCIAL COHESION, INEQUALITY AND MOBILITY



## 2.1 Social Programs

Social policy in Mexico constitutes one of the most visible –and politically consequential– axes of the project launched in 2018 and continued during the first year of President Claudia Sheinbaum’s administration. Under a narrative centered on the direct redistribution of income and the symbolic recognition of historically excluded groups, social programs have consolidated as the State’s primary instrument for intervening in the population’s living conditions.

However, just over a year into the new administration, the continuity of the inherited model calls for a

rigorous assessment of its real scope. Beyond rhetoric, the data make it possible to identify structural tensions between the increase in social spending, the effective coverage of programs and their capacity to guarantee sustained access to fundamental social rights.

This section analyzes social policy from an integrated perspective, considering both the budgetary evolution and coverage of the Bienestar programs, as well as their distributive effects and their impact on poverty, inequality and social mobility. The objective is not to question the legitimacy of cash transfers,

*Analysis of social policy from an integrated perspective, considering both the budgetary evolution and coverage of the Bienestar programs, as well as their distributive effects and their impact on poverty, inequality and social mobility.*

but to assess whether, under the prevailing model, they have succeeded in building a minimum floor of well-being or, conversely, have reinforced a fragmented, short-term strategy that limits capability development and equality of opportunity (Lara, 2025).

### 2.1.1 ALTERNATIVE ASSESSMENTS

International organizations, civil society organizations and research centers have carried out alternative assessments of the impact of social policy in Mexico. Although they do not focus on specific programs, these evaluations provide an overview of aggregate outcomes in well-being, poverty and social progress.

The World Bank's report on poverty and equity in Mexico (World Bank, 2025) indicates that, although spending allocated to social policy within Mexico's Federal Budget has increased in recent years, it has not done so in the most efficient manner. Public social spending reached 12.5% of the federal budget in 2024, a significant increase compared with 2018 (10%). This increase has occurred particularly in funds allocated to pensions (contributory and non-contributory), rising from 2% of GDP in 2008 to 5.8% in 2024. By contrast, other categories experienced relative declines of  $-0.6$ ,  $-0.3$  and  $-0.2$  percentage points

in education, health and housing, respectively, while spending allocated to food security remained constant over the same years.

The evolution of total spending is not sufficient to explain trends in poverty or social deprivations, as it can conceal significant differences in allocations to specific social groups. Not only total and average spending matter, but also allocations to specific groups experiencing poverty and social deprivation, which could drive reductions in poverty levels. In many cases, social spending is directed to poor and vulnerable families. Even so, there are cases in which most of the budget is allocated to other segments of the income distribution –i.e., to those who do not need it. Currently, even when the budget targets those most in need, it is not sufficient to lift them out of poverty or deprivation. In both cases –whether due to lack of targeting or insufficient funds– social spending has not been enough.

On the other hand, resources allocated to public health and education services show a slight decline and leave room to improve service delivery for the poorest. The World Bank has analyzed budget allocation in Mexico and its relationship with social deprivations (World Bank, 2025). In this regard, it explains

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*Other categories experienced relative declines of  $-0.6$ ,  $-0.3$  and  $-0.2$  percentage points in education, health and housing, respectively.*

that public spending related to social deprivation (education and public health) has gradually decreased.

The report explains that public health spending fell from around 3% of GDP in 2009 to 2.4% in 2018, before rising again to 2.9% to respond to the COVID-19 pandemic in 2020. However, in 2026 it declined to 2.6% of GDP. As a result, per capita public spending also decreased from MXN \$6,200 per person per year (at 2022 prices) to approximately MXN \$5,650 between 2009 and 2018 and then increased to approximately \$6,750 in 2024. However, this health spending is highly fragmented. Starting in 2022, more than half of the total budget for health services provided by IMSS, ISSSTE and Pemex has been allocated to households in the upper half of the income distribution, while health services financed by the Ministry of Health and other institutions are allocated mainly to households in the lower part of the income distribution (World Bank, 2025).

Ultimately, households in the upper part of the distribution receive a larger share of the total health budget (13.6%) than those in the lower part (6.3%). These differences in budget allocation translate into differences in service scope: IMSS, ISSSTE and Pemex have provided coverage for 8,000 ICD interventions

(International Statistical Classification of Diseases and Related Health Problems), whereas Seguro Popular provided coverage for 1,807 interventions and IMSS-Bienestar provided coverage for only 50.

The health budget for people without social security is crucial to serve those who lack access to health services because they are not affiliated with a system linked to their employment status. This amount

*Households in the upper part of the distribution receive a larger share of the total health budget (13.6%) than those in the lower part (6.3%).*



*Image: "Patients and families demonstrated because of medicine shortage at public hospitals in Mexico" at <https://consultorsalud.com.mx/mexico-desabasto-de-medicamentos/>*

includes IMSS-Bienestar, the SSA (responsible for highly specialized hospitals) and the FASSA (through which resources are allocated to the federal entities for health). In 2026 it amounts to MXN 30.7 billion (mmdp). This represents a 0.5% decrease (MXN 1.6 billion) relative to what was approved in 2025. It should be noted that this is the lowest spending for the uninsured population since 2010, when it stood at MXN 300 billion. Moreover, per capita spending for those without access to social security in 2026 is MXN \$4,820 (1.3% less than in 2025), the lowest level in at least 20 years. This amount is alarming because, in addition, the IMSS-Bienestar population is 10 million larger than that of Seguro Popular in 2018 (Mexico Evalua, 2025).

Low financing for public health in general –and especially for those without access to social security– constitutes an obstacle to the full guarantee of this right and to reducing poverty and increasing social mobility in Mexico. Without health and without the ability to secure it, opportunities for improvement diminish, particularly for families in precarious and disadvantaged conditions.

Another crucial category of spending to reduce poverty and promote social mobility is that allocated to

education. In Mexico, public education spending as a percentage of GDP has declined from 3.7% in 2009 to 3.1% in 2023, reaching 4% in 2026. However, average spending per student shows different trends: basic education students received approximately MXN \$22,400 per student in 2009, rising to nearly MXN \$27,700 in 2024<sup>4</sup>; upper secondary education (EMS) increased from nearly MXN \$28,700 to MXN \$30,500; while spending on higher education students fell from MXN \$73,600 to MXN \$52,000 over the same period (World Bank, 2025).

Within education spending, there are cash transfers intended to guarantee access to education, particularly among vulnerable groups, as in the case of educational scholarships. This was the case with conditional cash transfer programs such as Oportunidades–Prospera (which represented approximately 0.15% of GDP between 2008 and 2014) and, currently, the new scholarship programs Elisa Acuña and Benito Juárez for basic education (a similar share of GDP between 2020 and 2024), as well as programs for EMS (Benito Juárez Scholarships) and for higher education (ES) Jovenes Escribiendo el Futuro (an additional 0.15% of GDP between 2021 and 2024).

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<sup>4</sup> At 2022 prices.

*In 2026 it amounts to MXN 30.7 billion (mmdp). This represents a 0.5% decrease (MXN 1.6 billion) relative to what was approved in 2025. It should be noted that this is the lowest spending for the uninsured population since 2010, when it stood at MXN 300 billion.*

It has been identified that one of the problems with educational scholarships have been their lack of targeting. Results indicate that they are now received in greater proportion by those who need them least (Signos Vitales, 2025). According to an analysis by the School of Government and Public Transformation at Tecnológico de Monterrey, since 2022 at least 7 out of 10 youth in the highest income group (quintile V) received a scholarship (72.2%), whereas in 2018 this percentage was lower (54.1%) (Hernandez, 2023).

Moreover, ENIGH 2024 indicates significant changes in the coverage of social programs, including a decline in Benito Juárez Scholarships. The Benito Juárez Scholarship (BBJ) for basic education shows coverage of 3% of households receiving social programs. In the case of BBJ for upper secondary education, coverage is lower (2%). An analysis by Indesig indicates that among the poorest households, only the income obtained through the Older Adults' Pension (PAM) is significant, not the Benito Juárez Scholarships. For this reason, during the first year of Claudia Sheinbaum's administration it is relevant to consider close monitoring and evaluation that takes into account the loss of progressivity of the Benito Juárez Scholarships (Jaramillo-Molina, 2025).

*Educational scholarships have not been well targeted. They are now received in greater proportion by those who need them least (Signos Vitales, 2025). Since 2022 at least 7 out of 10 youth in the highest income group (quintile V) received a scholarship (72.2%), whereas in 2018 this percentage was lower (54.1%) (Hernandez, 2023).*



*Image: <https://programasparaelbienestar.gob.mx/becas-benito-juarez-identifica-si-tu-escuela-se-ubica-en-una-localidad-prioritaria/>*

In this sense, scholarships have been the educational flagship of both this and the previous administration. Currently, the Rita Cetina Scholarship for basic education concentrates the largest budget growth (62.9%) in 2026 relative to the 2025 PEF, while the Universal Benito Juárez Scholarship for EMS increased by only 0.2%, as did *Jovenes Escribiendo el Futuro* for higher education. However, the Elisa Acuña Scholarships (higher education) show a -1.3% decrease compared with the previous year. While resources are necessary on the path toward guaranteeing access and educational continuity, the evidence indicates that the effects of universal scholarships have not necessarily benefited those who need them most and that (as will be shown below) they have also failed to consolidate learning outcomes; therefore, it will be necessary to continue analyzing the effectiveness of this type of scholarship.

Despite these efforts, budgetary or redistributive measures have not closed the gap, because greater emphasis on quality is required. Skills acquired in basic education are indispensable for successful completion of upper secondary and higher education. However, in Mexico, learning outcomes remain a challenge to be achieved. In this regard, educational inequalities particularly affect the most vul-

nerable students, generating significant gaps that, if not addressed, will persist and deepen over time. In Mexico, learning poverty stands at 43.2%; this problem is compounded by learning losses caused by the COVID-19 pandemic (estimated at two years of schooling), which will translate into a loss of educational and wage returns, disproportionately affecting the most vulnerable.

PISA 2022 shows that in mathematics, 43% of students in the country who live in the highest levels of vulnerability (quintile I) were at PISA Level 0—that is, these students do not possess the minimum learning expected for their age—while 38% of the same socioeconomic group reached PISA Level 2, meaning they can barely identify information and carry out procedures with direct instructions. This affects to a lesser degree those in the highest socioeconomic group (quintile V) (27%) (OECD, 2023).

In reading, the results indicate that 64% of the poorest youth (quintile I) are at PISA Level 1, meaning they cannot locate or understand information in a text; this percentage is 3.2 times lower (20%) for youth in the highest income group (quintile V) (OECD, 2023). These data revealed lower learning levels than even those of students from low socioeconomic groups

*PISA 2022 shows that in mathematics, 43% of students in the country who live in the highest levels of vulnerability (quintile I) were at PISA Level zero—that is, these students do not possess the minimum learning expected for their age.*

in countries such as Vietnam, Chile, or Uruguay. The lag in developing these and other competencies may entail lost opportunities to acquire new knowledge and skills, continue educational trajectories and transition successfully into the labor market (Signos Vitales, 2025). It is necessary to move toward a sustained commitment at all levels of government that coherently ensures educational quality and reduces educational gaps. The use of scholarships as an educational tool has proven not to be the most effective means of guaranteeing retention, educational attainment and much less of consolidating learning. In this sense, social programs focused on education –such as government scholarships– require an alternative education policy that truly delivers substantial impacts for the poorest and puts an end to inequalities.

More than a year into the administration, despite the results previously analyzed by different associations and organizations and despite the growth of the budget for social programs in recent years, the allocation of transfers is not directed exclusively to the poorest groups of the population, nor does it benefit all stages of the life course. The most notable case is the Older Adults Program, whose total budget is allocated almost equally across all income Deciles. Of course, given their lower incomes, these non-contrib-

utory pensions represent a larger share of household income among poorer households (Decile I, 28% vs. Decile X, 3%) and have had an important effect on poverty reduction in recent years (declining from 43% and 8.6% of the population living in poverty and extreme poverty in 2018 to 23.6% and 3.8%, respectively, in 2024). In other words, although the program is progressive in relative terms, it is neutral in terms of absolute incidence. This implies that the program could have had a greater impact on poverty if its resources were more concentrated among the poor. However, given that it is a universal entitlement, this redistributive bias is understandable.

In other cases, the remaining transfer programs have limited coverage or benefits that are insufficient to affect poverty rates (World Bank, 2025). Coverage of the Benito Juárez Scholarship is quite broad and benefits are progressive both in relative and absolute terms<sup>5</sup> –more so for basic education than for EMS<sup>6</sup>. However, the amount is relatively

5 In relative terms, the BBJ of basic education represented up to 10% of the total program expenditure for Decile I and around 0.02% of the Decile X. In absolute terms, the BBJ of basic education represented up to 27% of the beneficiaries' income for Decile I and close to 2% for Decile X (World Bank, 2025).

6 In the case of EMS, in relative terms, the BBJ were also progressive but to a lesser extent than those of basic education.

*38% of the lowest income quintile reached PISA level 2: they can barely identify information and develop procedures with direct instructions.*

*The use of scholarships as an educational tool has proven not to be the most effective way to guarantee retention, educational achievement, and much less to consolidate learning.*

small when compared with the poverty line (MXN \$667 per month in 2022 per family for ten months, but MXN \$920 in 2024). A similar point can be made about the *Produccion para el Bienestar* program: it has progressive relative and absolute incidence<sup>7</sup>, yet its transfers are relatively small (MXN \$4,800 annually in 2022, but between MXN \$6,000 and MXN \$24,000 annually in 2024).

Cash transfer programs directed at women, youth and the population with disabilities merit special attention. The Working Mothers program provides a large transfer (up to MXN \$1,800 starting in 2022) and its budget is well targeted toward vulnerable households<sup>8</sup>; nonetheless, its coverage is very small (fewer than a quarter million beneficiaries as of 2022), resulting in very limited relative incidence. A similar as-

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In relative terms, they reached around 2% of the percentage of total program spending in Decile I and 0.01% of total program spending went to Decile X. In absolute terms, the BBJ in EMS reached 11% of the total income of beneficiaries in Decile I and 4% in Decile X (World Bank, 2025).

- 7 The first 3 Deciles (Decile I, II and III) receive between 15% and 17% of the total spending on the program. While the last 3 Deciles (Decile VIII, IX and X) receive less than 5% of the total spending on the program.
- 8 In absolute terms: Decile I receives about 10% of the total spending on the program, while Decile X receives 3%. In relative terms: the income received by Decile I from the permanent disability program covers 18% of the beneficiaries' total income, while for Decile X this percentage is less (0.01%).

*The "Produccion para el Bienestar" program has a progressive relative and absolute incidence, yet its transfers are relatively small (MXN \$4,800 annually in 2022, but between MXN \$6,000 and MXN \$24,000 annually in 2024)..*



*Image: The president presents Bienestar chocolate at <https://www.poresto.com/mexico/2025/7/11/chocolate-del-bienestar-asi-sera-su-distribucion-en-mexico-y-estos-son-sus-precios.html>*

assessment applies to the *Jovenes Construyendo Futuro* program (in 2024, only 0.2% of households receiving social programs received JCF). Finally, the *Bienestar Discapacidad* program, aimed at people living with a permanent disability, is progressive in both relative and absolute terms and its transfers are not small. However, they could be expanded and better integrated into a more comprehensive care system.

These programs can serve as a foundation for a broader family care program with better integration and financing in the future. According to the National Survey of the National Care System (ENASIC), 45.2% of the Mexican population is potentially in need of care, yet 35% does not receive it. The lack of care is greater among persons with disabilities (39%) and older adults (78%). Women account for three out of every four individuals responsible for caregiving (INEGI, 2022). The survey also shows that 68% of economically inactive women who provided care and expressed an interest in working were unable to do so due to the lack of support for the care of children, older adults, sick persons and persons with disabilities. A predominant share of the population also agrees that caregiving is not an exclusive responsibility of women and that the use of these services depends crucially on services being of high quality.

According to the World Bank report (2025), there have also been considerable social programs linked to the promotion of employment and entrepreneurship, both in urban and rural areas. It can be said that these programs concentrated on the monetary side of poverty reduction rather than on social deprivations. This is the case for programs that created economic opportunities for development, where earlier programs such as the Employment Support Program (PAE) and the Fund for Small and Medium Enterprises (*Fondo PYME*) have been reduced or replaced, while newer programs such as *Jovenes Construyendo el Futuro* have expanded, representing approximately 0.7% of GDP. Earlier programs of social protection, social assistance and rural infrastructure such as *Habitat*, *Microrregiones*, the Temporary Employment Program (PET) and *Sedesol-Oportunidades* have been replaced by the new program *Sembrando Vida*, declining from 0.4% of GDP at the end of the 2000s to 0.1% in the years 2022 to 2024. In terms of assistance to rural areas and primary-sector activities, where poverty has a high incidence, budget allocations fell from approximately 0.4% of GDP at the end of the 2000s to 0.2% at the end of the 2010s—a figure that remained in 2023 and 2024— with emblematic programs shifting from Procampo at the end of the

*Women account for three out of every four individuals responsible for caregiving; 68% of economically inactive women who provided care and expressed an interest in working were unable to do so due to the lack of support for the care of children, older adults, sick persons and persons with disabilities (INEGI, 2022).*

2000s to the Agriculture Promotion Program and the Comprehensive Rural Development Program in the mid-2010s and then to the new programs *Produccion para el Bienestar*, *Precios de Garantia* and *Fomento Ganadero*, in operation since 2020.

The World Bank report (2025) provides an overview of how cash transfer programs can be compared in terms of their potential efficiency. Given their current design and budget, the “Transfers to Working Mothers” program has greater efficiency in poverty reduction per peso spent (up to 1.5 pp per 100 billion pesos) than the Older Adults’ Pension (0.8 pp). This suggests that a budget reallocation from the latter to the former could increase the overall poverty-reduction impact of cash transfer programs.

While this evidence suggests that there is potential for poverty reduction through changes in the design of certain social programs, reality points to a different trend. The policy emphasis continues to be on the universalization of social programs, which has revealed, on the one hand, a failure to prioritize the poor first and, on the other, an inability to achieve greater social well-being or the creation of better opportunities.

*Given their current design and budget, the “Transfers to Working Mothers” program has greater efficiency in poverty reduction per peso spent (up to 1.5 pp per 100 billion pesos) than the Older Adults’ Pension (0.8 pp).*



*Image: "Transfers to Working Mothers is given every two months. IA Discover Milenio" at <https://www.milenio.com/comunidad/pension-madres-solteras-calendario-de-pagos-para-enero-2026>*

### 2.1.2 RELATIONSHIP BETWEEN POVERTY AND SOCIAL PROGRAMS

Under the slogan “For the good of all, the poor first,” social policy continued during the first year of the President’s administration. The objective has been to guarantee and expand all Bienestar programs implemented under the Fourth Transformation (4T) since 2018 (Government of Mexico, 2025).

The current Bienestar programs are: the Older Adults’ Pension; the Women’s Bienestar Pension; Health House-to-House; the Universal Rita Cetina Scholarship; the Universal Benito Juarez Upper Secondary Education Scholarship; the Higher Education Scholarship Jovenes Escribiendo el Futuro; the Bienestar Pension for Persons with Disabilities; the Bienestar Program for Girls and Boys Children of Working Mothers; Jovenes Construyendo el Futuro; La Escuela es Nuestra; Sembrando Vida; Produccion para el Bienestar; the Bienestar Housing Improvement Program; Precios de Garantia; Cosechando Soberania; Fertilizantes para el Bienestar; and Bienpesca. (Government of Mexico, n.d.).

For 2026, the amount allocated to social programs is just over one trillion pesos<sup>9</sup>, with the stated aim of

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<sup>9</sup> 1 billion 3 thousand 326 million pesos (244% more com-

“guaranteeing all rights” and adhering to the principle of “Poor First” (Government of Mexico, 2026). Although this may appear to be very good news, this section analyzes the results of the social programs already implemented, which are being continued.

The idea of delivering social programs to the population living in poverty is not new. Since 1992, Sedesol was created with this objective and with an original problem that has not been corrected in more than 34 years. Unlike other ministries that have instruments of industrial policy, employment and wage policy, economic growth policy and access-to-justice policy, the instrument used by Sedesol was not social policy as such, but social programs. Today, the Ministry of Bienestar operates in the same way with the same objective: poverty reduction through social programs. The problem is that there is still no social policy whose objective is effective access to social rights (Hernandez, 2024).

In other words, poverty continues to be treated as something to be addressed solely by one ministry (Bienestar), through social programs and in a way that must be politically attractive. This combination has encouraged the creation of more social programs,

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pared to 2019) (Gobierno de Mexico, 2026).

*For 2026, the amount allocated to social programs is just over one trillion pesos, with the stated aim of “guaranteeing all rights” and adhering to the principle of “Poor First” (Government of Mexico, 2026).*

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<https://programasparaelbienestar.gob.mx/>



replicated by the federal government, municipalities and states. The reality is that between 2008 and 2025 more than 22.3 trillion pesos have been spent on social programs (Coneval, n.d.) and poverty has not been eradicated.

Because social programs focus on giving money to the population, they ultimately influence the amount of money people have to meet their needs. These amounts are added to individuals' incomes<sup>10</sup>; therefore, it is necessary to analyze poverty measured by income, which went from 44.4% in 2008 to 43.5% in 2024 (latest available data) (INEGI, 2025). That is, thanks to social programs, poverty is not higher, given that the economy has been highly sluggish. In numeric terms, the amount allocated to combat poverty was twice as large as in 2008 and the reduction in poverty (by income) was only 0.9 percentage points (pp). This means that many other factors affect poverty –such as access to social rights– which remain unaddressed and which will be analyzed later.

Poverty is an indicator that reveals structural failures both in the functioning of the economy and in the organization of society: the loss of a path of econom-

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<sup>10</sup> This percentage refers to the population with income below the income poverty line.



*Image: "Mexico. Social programs, insufficient to reduce inequality: Poverty persists" at <https://www.resumenlatinoamericano.org/2024/07/14/mexico-programas-sociales-insuficientes-para-disminuir-desigualdad-persiste-la-pobreza/>*

*Poverty is an indicator that reveals structural failures both in the functioning of the economy and in the organization of society: the loss of a path of economic growth; the lack of job creation; low productivity; the absence of investment and security; the absence of educational quality or medical services; and the persistence of discrimination and exclusion are only some of the factors that drive poverty.*

ic growth; the lack of job creation; low productivity; the absence of investment and security; the absence of educational quality or medical services; and the persistence of discrimination and exclusion are only some of the factors that drive poverty. Ironically, none of these objectives falls within the mandate of the Ministry of Bienestar. While Social Programs improve liquidity for people in poverty, they do not help improve their basic capabilities, nor do they contribute to building a broad, efficient, fair and interconnected Social Protection System (Hernandez, 2024).

Taken together, the evidence shows that social policy in Mexico continues to operate under a limited approach, centered on cash transfers and disconnected from a comprehensive rights-guarantee strategy. Despite the sustained increase in spending on social programs, results in terms of structural poverty reduction and capability strengthening remain modest. The continuity of this model during the first year of Sheinbaum's administration confirms that social policy has not been conceived as an articulated system, but rather as a set of dispersed programs whose effectiveness depends more on their political profitability than on their social impact. Without a guiding social policy oriented toward effective and quality access to health, education, housing and social secu-



Image: Insecurity at <https://www.economista.com.mx/politica/percepcion-sobre-inseguridad-mexico-58-6-poblacion-urbana-considera-peligroso-vivir-ciudad-20241021-730863.html>

*Social policy has not been conceived as an articulated system, but rather as a set of dispersed programs whose effectiveness depends more on their political profitability than on their social impact.*



Image: Few jobs available at <https://www.nmas.com.mx/economia/empleo-en-mexico-aumenta-en-2024-donde-hay-mas-trabajo-inegi-informa/>

urity services, cash transfers will continue to function as temporary palliatives, incapable of breaking the cycles of poverty and inequality that characterize the country.

### 2.1.3 COVERAGE AND OUTCOMES IN THE POPULATION

Against this backdrop, the conduct of social policy in Mexico has been based on social programs with the objective of reducing poverty. Just over a year into the administration, this dynamic reproduces the original problem and has also had adverse outcomes for the poorest population. Here we analyze the coverage of social programs and their incidence across different population groups.

We know that households benefiting from social programs increased relative to 2018. The data indicate that in 2018, 28% of households received at least one social program and in 2024 this share increased to 32%. This appears to be good news, insofar as it suggests that more people receive some benefit from social programs. However, between 2018 and 2024 there is a negative balance in the coverage of social policy, especially for the poorest. This is because the poorest 40% ended Lopez Obrador's term with lower coverage of social programs, while the top 60% ended with higher coverage<sup>11</sup> (Jaramillo-Molina, 2025).

<sup>11</sup> 80% of households belonging to twenty I (5% with the lowest income) received at least one social program in 2018. In 2024 this percentage was 58% (22 pp less). While in 2018 only 5% of households belonging to the last twenty (highest income) reported having some social program, in 2024 this



Image: "Ready. The 2024 last payment of the program Mujeres con Bienestar (Gov. Edomex)" at <https://www.infobae.com/mexico/2024/12/03/mujeres-con-bienestar-edomex-autoridades-confirman-cuando-se-dara-el-ultimo-pago-del-2024/>

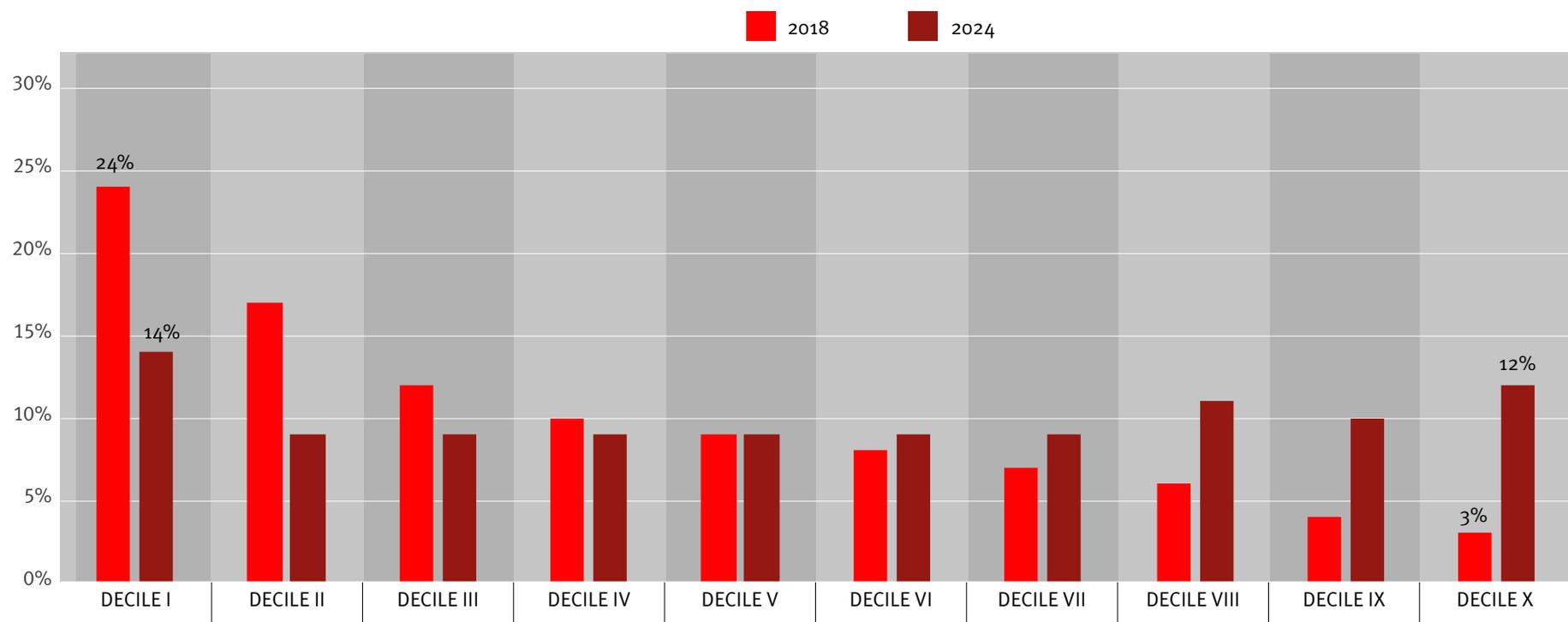
It is necessary to identify which population groups receive social programs in order to verify whether they have truly put "the poor first." The evidence suggests that, contrary to this slogan, the poor receive less than they did in previous years. In 2016, 78% of the poorest households were beneficiaries of social programs<sup>12</sup>. In 2024, only 53% were (a drop of 25 pp). By contrast, between 2016 and 2024 the share of beneficiaries among the richest households nearly tripled (from 8% to 21%) (Jaramillo-Molina, 2025).

<sup>12</sup> percentage was 4 times higher (20%).

<sup>12</sup> It refers to the 5% with the least income (twenty I).

*Between 2018 and 2024: the poorest 40% ended Lopez Obrador's term with lower coverage of social programs, while the top 60% ended with higher coverage (Jaramillo-Molina, 2025).*

GRAPH 6. DISTRIBUTION OF SOCIAL PROGRAMS BY INCOME DECILE IN 2018 AND 2024



Source: Jaramillo-Molina, 2025.

The data provide a picture both prior to the formal start of Claudia Sheinbaum’s government and after her inauguration. Thus, we can understand the conditions in which the country was received and these same results warned that, absent improvements in design, approach and/or targeting, continuity of the 4T project would reproduce the same outcomes.

We also know that the distribution of social programs has lost progressivity. In 2024, the poorest households (Decile I, or the bottom 10% by income) received only 14% of the total amount of redistributed transfers, whereas in 2018 this share was 24%. Meanwhile, the top 10% of the population by income (Decile X) receives four times more in 2024 than it received in 2018. Graph 6 shows this loss of progres-

*64 out of every 100 pesos of the increase in social programs went to the top 50% by income. Although the monetary mass received by decile I increased by 59%, the increase for decile X was 15 times larger (926%).*

sivity at the beginning of the previous administration and of the current one.

According to Jaramillo-Molina (2025), more resources are allocated to social programs, but they are less progressive. That is, in 2024 the total monetary mass transferred to households increased by 184%. However, 64 out of every 100 pesos of the increase in social programs went to the top 50% by income. Although the monetary mass received by Decile I increased by 59%, the increase for Decile X was 15 times larger (926%).

Reality points to a difficult path to undo, in which the Transformation continues to try to convince society of the value of its project even as confidence has been lost in a State that systematically privileges those who have the most. Rebuilding trust in the State is necessary, as is restoring its primary mission: ensuring minimum access to social rights for all people, not only for a few.

At present, President Sheinbaum has opted to continue the Fourth Transformation project with only minimal differences in terms of social well-being, without a policy capable of ensuring social rights for all Mexicans. In sum, direct-cash-transfer social programs have been used broadly, above all, as a clientelist in-

strument. Moreover, the 4T project includes the universalization of social programs, which has entailed a loss of targeting and distortions in redistributive effects, thereby reducing their progressivity.

#### 2.1.4 WELL-BEING AND SOCIAL PROGRESS

It is important to analyze social progress as an approximation of a society's well-being. The Social Progress Imperative (SPI, 2026a) is a rigorous index focused not only on the economic aspects of social performance, but also on identifying areas of opportunity and improvement for 171 countries.

The Social Progress Index (SPI) is defined as the capacity of a society to meet its citizens' basic human needs, as well as to establish the elements that allow it to improve and sustain the quality of their lives and create the conditions for all individuals to reach their full potential (SPI, n.d.). The 2025 SPI reveals that the world is at a turning point, where the steady improvement in quality of life could be reversing. Although the trend indicates that the index continues to advance<sup>13</sup>, it is not expanding at the same pace as in previous years.

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<sup>13</sup> The SPI was 63.33 in 2021, 63.5 in 2022, 63.2 in 2023, 63.5 in 2024 until reaching 63.7 in 2025 (SPI, 2026).

*Direct-cash-transfer social programs have been used broadly, above all, as a clientelist instrument.*

In Mexico's case, this indicator reports a value of 68.73 out of a possible 100 points, placing the country 75th out of 171 countries analyzed, which categorizes it as performing within the expected range. The dimensions analyzed (Basic Human Needs, Foundations of Well-being and Opportunity) show several areas for improvement (in red) such as nutrition and medical care, access to housing and safety, access to education and opportunities related to people's rights. The index also highlights some areas in which there has been substantial improvement (in gray) (Table 3) (SPI, 2026b).

Mexico ¿Como vamos? (2025) has developed and further refined these indicators that provide evidence of social progress. This index shows that Mexico reached 65.5 points out of 100 (the highest score recorded to date), reflecting a recovery after the pandemic. Although this improvement is significant, it has not been uniform, as lagging performance persists in health, education, security and labor informality, which continue to constrain social development.

Territorial disparities are also significant: northern states accumulate decades of higher investment, educational infrastructure, formal employment and a stronger perceived sense of security, whereas the

**TABLE 3. OPPORTUNITY AREAS AND ADVANCES OF THE 2025 SOCIAL PROGRESS INDEX IN MEXICO**

BASIC NEEDS	FUNDAMENTAL OF WELLBEIGN	OPPORTUNITIES
<b>NUTRITION AND HEALTHCARE:</b> » Stunted growth	<b>BASIC EDUCATION:</b> Child growth and learning » Universal access to education	<b>VOICE RIGHTS:</b> » Equal Protection Index » Index of equality before the law and freedom » Perception of corruption
<b>HOUSING:</b> » Use of fuels and clean energies	<b>INFORMATION AND TELECOMMUNICATIONS:</b> » Cell phone users » World press freedom index	<b>FREEDOM OF CHOICE:</b> » Repression of Civil Society Organizations » Child marriage
<b>SECURITY:</b> » Feel safe walking alone » Interpersonal violence*	<b>HEALTH:</b> » Universal health access	<b>ADVANCED EDUCATION:</b> » Women with higher education
	<b>ENVIRONMENTAL QUALITY:</b> » Environmental pollution	<b>INCLUSIVE SOCIETY:</b> » Acceptance of LGBTQ+ community
	<b>HEALTH</b> » Burden of disease (health problems)	<b>ADVANCED EDUCATION:</b> » Universities weighted by quality

*Note:* \*Interpersonal violence is defined as death or disability caused by the intentional use of physical force or power, whether actual or threatened, by another person or group, excluding military or police forces.

*Source:* In-house elaboration with information from SPI (2026b).

most lagging states experience poverty and insecurity, which makes it difficult to improve their levels of well-being. Five states have remained at the bottom of the Social Progress ranking since 2015 and continue to do so in the 2025 index: Guerrero, Chiapas, Oaxaca, Veracruz and Tabasco (Mexico Como Vamos, 2025).

The index identifies four areas that require attention in order to increase social progress and to close gaps and reduce inequality: health, education, security and job quality. In sum, the report highlights six key messages to advance social progress (Table 4).

*Mexico ¿Como vamos? (2025) has developed and refined indicators that provide evidence of social progress. This index shows that Mexico reached a score reflecting a recovery after the pandemic.*

*Although this improvement is significant, it has not been uniform, as lagging performance persists in health, education, security and labor informality, which continue to constrain social development.*



**TABLE 4. KEY MESSAGES ABOUT SOCIAL PROGRESS 1/2**

AREA	DESCRIPTION OF THE PROGRAM
Social progress advances but unevenly: there are 2 Mexicos	<p>"The Social Progress Index (IPS) 2025 confirms that all entities have improved since 2015, but the gap between the north/center and the south remains enormous.</p> <p>States such as Mexico City, Aguascalientes and Nuevo Leon present living standards comparable to upper-middle-income countries, while Chiapas, Oaxaca and Guerrero continue to lag behind."</p>
Poverty has decreased, but people continue to face basic needs that income does not solve	<p>"More income" does not necessarily imply "better quality of life" because public infrastructure is insufficient.</p> <p>Although 2024 had the lowest multidimensional poverty in the series (29.6%), the reduction in social deprivation is not going at the same pace.</p> <p>Two areas remain in structural crisis: health and education, pillars of social development."</p>
Health system crisis	<p>"Health should not be conditional on being able to pay for private services; it is urgent to have a public system with universal access to increase well-being.</p> <p>The percentage of the population without access to health services is 18.6 percentage points higher today than in 2016.</p> <p>Furthermore, the majority of people receive care through private means, not out of preference, but rather due to a lack of public alternatives.</p> <p>This coincides with the increase in out-of-pocket spending on health, which erodes the family economy."</p>

**TABLE 4. KEY MESSAGES ABOUT SOCIAL PROGRESS 2/2**

AREA	DESCRIPTION OF THE PROGRAM
Basic Education at its worst level in a decade	<p>"Mexico is going through a silent crisis: educational decline compromises social mobility and future productivity. The Access to basic knowledge component fell to the lowest level in the entire series (2015–2024).</p> <p>The drop in preschool and primary enrollment after the pandemic has not been reversed.</p> <p>Enrollment in secondary education is below that observed at the beginning of the series; it is necessary to continue exploring whether these falls are due to competition with the labor market due to the need to generate income."</p>
Insecurity: Brake of well-being	<p>"Without security there is no social progress, investment, prosperous business or peace.</p> <p>Personal security is one of the worst evaluated components of the IPS 2025.</p> <p>Violence and the perception of insecurity have deteriorated the quality of life even in states that are making progress in other areas.."</p>
Informality: Structural obstacle	<p>"The industrial policy -Plan Mexico- must also be a policy of formalization of the economy and the labor market if we want shared prosperity. In microenterprises—where 4 out of every 10 workers work—only 16.7% of employees have formal employment, that is, access to social security.</p> <p>Informality implies: lower labor income; lack of access to health in public institutions such as the IMSS or ISSSTE; there are no contributions to retirement or housing accounts; less social mobility."</p>

*Source:* In-house elaboration with informacion from Mexico Como Vamos (2025)

There are clear regional disparities showing that interventions across states cannot be uniform. Between Mexico City, which ranks first and the state of Guerrero, which ranks last, the gap is nearly 21 points. It is also evident that states such as Sinaloa, Coahuila and Guerrero –although they are the three states with the greatest social progress between 2015 and 2024 (increases exceeding 8 points)– exhibit significant weaknesses in areas such as security (Sinaloa, with an 80% setback due to homicides) or even declines in social progress (as in the case of Guerrero) (Mexico Como Vamos, 2025). Although sustained growth in social progress is observed between 2015 and 2025, this pattern suggests that social policy has contributed to improving aggregate well-being indicators; however, its impact has been gradual and limited, without evidence of deep structural change.

We have seen how social policy in Mexico during this first year of President Sheinbaum’s administration has focused on the continuity of social programs as an anti-poverty strategy. The effects across population groups are mixed, despite ongoing efforts that continue to reproduce regressive outcomes. In other words, while Bienestar transfers have had an impact on the income of Mexican households, they are not sufficient to lift people permanently out of poverty,



Image: Coyuca, Gro. "The poverty mountain" at <https://desinformemonos.org/la-montana-de-la-pobreza/>

expand opportunities, or build a minimum floor of well-being. Progress has been made, yet imminent challenges remain, including the crisis in the health system, high levels of inequality, the persistence of social deprivations and insecurity. The absence of a multidisciplinary anti-poverty strategy grounded in a rights-based approach is a shortcoming that prevents equalizing opportunities and/or access to social rights. This, in turn, fosters social exclusion and perpetuates underdevelopment.

*Bienestar money has had an impact in families' income, but it is not enough to increase their opportunities or build a well being floor.*

## 2.2 Poverty and Inequality

### 2.2.1 MINIMUM WAGE AND IN-WORK POVERTY

In virtually any OECD country, having a job ensures that one is not poor. In Mexico, this is not the case. There is what is even termed “in-work poverty” (po-breza laboral). This means that income derived from work is insufficient to purchase the basic food basket. Today, this condition affects 34.3% of the employed population (INEGI, 2026a). Beginning in 2018, Lopez Obrador’s government promoted real increases in the minimum wage. This effort was undertaken in coordination with government, academia and the business sector (Coparmex). Strengthening the domestic market is an important driver of economic growth.

The government has resisted a progressive tax reform that would raise revenue, increase tax progressivity and generate resources to expand public investment and thereby energize the economy. Instead, it has committed to a steady recovery of the minimum wage. This is not negative in itself, but it is insufficient. In a country without sustained economic growth, where productivity has remained stagnant alongside setbacks in social protection (access to health care) and where a progressive fiscal reform that would increase social spending has been foregone, the question aris-

es as to whether raising the minimum wage can produce distributive effects on income comparable to greater progressivity in the income tax and whether it can have a positive impact on poverty. This section analyzes labor-market dynamics and the effects of wage increases in the country.

Since the beginning of the Fourth Transformation (4T), direct cash transfers have been promoted as a means of fostering social well-being. These efforts intensified from 2018 onward, accompanied by increases in the minimum wage.

More than one year into Claudia Sheinbaum’s administration, the results of the transformation to date are reflected as follows:

- » Poverty reduction (contested results): from 36.3% in 2022 to 29.6% in 2024.
- » Stagnant economic growth: between 2018 and 2024, GDP grew by an average of 0.86% (the lowest rate since the 1990s).
- » Reduced access to health care and other social rights: 34.2% of people lack access to health services (44.5 million people) and 48.2% lack access to social security (62.7 million people). Persistent vulnerability: only 32 out of every 100 people are considered neither poor nor vulnerable.

*“In-work poverty” means that income derived from work is insufficient to purchase the basic food basket. Today, this condition affects 34.3% of the employed population (INEGI, 2026a).*

- » Inequality: the top 10% of earners receive up to 14 times more than the bottom 10%.
- » High incidence of labor informality: 33 million people work without rights.
- » Wage recovery: the minimum wage increased by 13% in real terms.

The minimum-wage policy implemented since the administration of former President Lopez Obrador has increased from \$88.36 pesos per day in 2018 to \$207.44 in 2023, \$248.93 in 2024, \$278.80 in 2025 and \$315.04<sup>14</sup> in nominal terms in 2026 (Gobierno de Mexico, 2025). The fact that the minimum wage has increased is, in itself, positive news, as it has been shown that a genuinely effective and sustainable path for millions of people to escape poverty is labor income. Indeed, in-work poverty (the share of the population whose labor income is below the monetary value of the basic food basket) has gradually declined, from 40.7% in 2021 to 40.1% in 2022, 37.3% in 2023, 35.1% in 2024 and 34.3% in 2025<sup>15</sup> (INEGI, n.d.). With this latest minimum-wage increase in 2026, an era of poverty wages comes to an end. For the first time in decades, the General Minimum Wage (SMG)

<sup>14</sup> In the free zone of the northern border, the minimum wage increased from \$419.88 in 2025 to \$440.87 in 2026 (Gobierno de Mexico, 2025).

<sup>15</sup> Data as of the third quarter of each year.

will be sufficient to purchase two basic baskets and thus surpass the poverty threshold. Graph 7 shows the evolution of the SMG and the cost of one and two basic baskets (BB). By 2026, the SMG is able to cover the cost of two basic baskets (2BB).

Despite this being good news, a broad segment of the population does not benefit from this advantage. Although the minimum wage exerts an effect that spills over to other workers (the so-called “lighthouse effect”), roughly half of all workers do not experience these increases. The data indicate that, as of December 2025, 54.6% of employed persons work under informal conditions, while the remainder (45.4%) work in the formal sector (INEGI, 2026b). This means that more than half of the employed population does not earn a wage sufficient to surpass the poverty threshold (ACFP, n.d.). This reflects the persistent prevalence of jobs without labor rights, such as access to social security (social insurance and/or social benefits).

Moreover, labor precariousness in Mexico remains a reality, making it necessary to celebrate progress while acknowledging the challenges. Today, millions of people in the economically active population (EAP) are employed yet live under conditions of in-work

*For the first time in decades, the General Minimum Wage (SMG) will be sufficient to purchase two basic baskets and thus surpass the poverty threshold.*

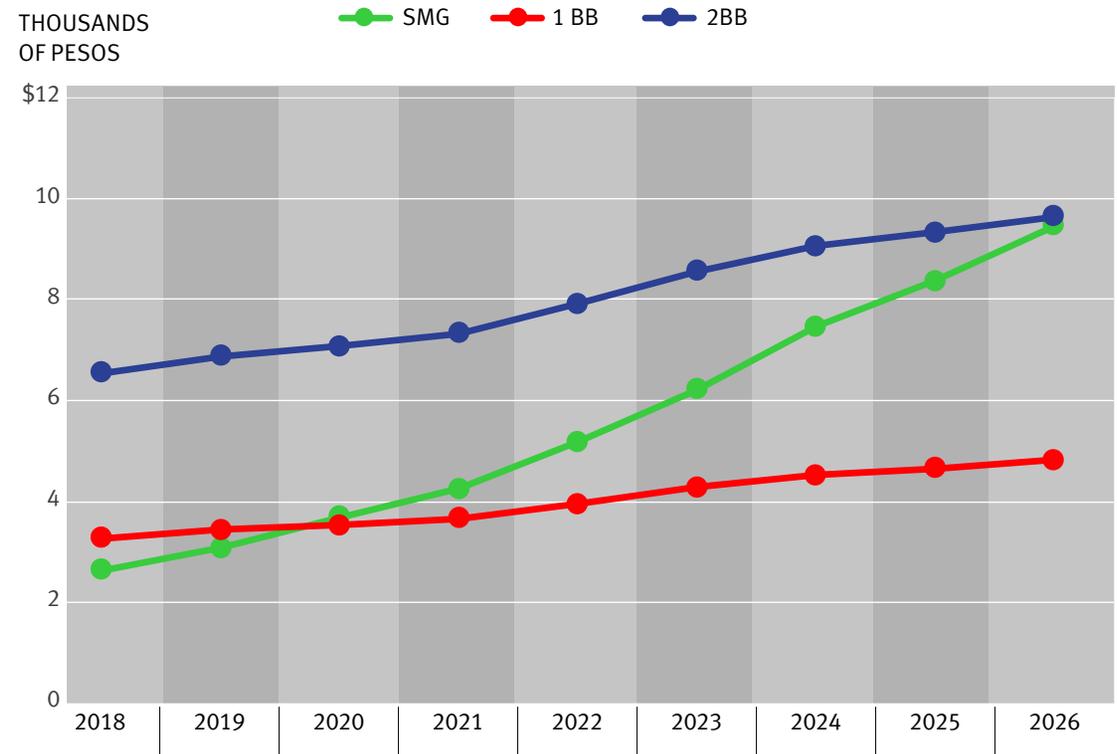
poverty<sup>16</sup>. INEGI (2026b) indicates that this condition affects 33.8 million people whose labor income is insufficient to purchase the basic food basket.

Even with minimum-wage increases, we live in a labor system that produces poverty. Accion Ciudadana Frente a la Pobreza's Decent Work Observatory (ACFP, n.d.) presents indicators that reveal systematic and structural violations that continue to sustain the lack of effective access to the right to decent work and the perpetuation of poverty. Graph 8 shows the evolution of the population that works yet does not obtain sufficient income: it shows that in 2020, 62% of working people lacked sufficient income to purchase two basic baskets<sup>17</sup> and thus surpass the poverty threshold for themselves and one additional person. That graph

<sup>16</sup> According to INEGI (2026a), Labor Poverty (PL) is a short-term indicator that measures the percentage of the population whose labor income is insufficient to acquire the food basket (equivalent to the Extreme Income Poverty Line (LPEI)).

<sup>17</sup> The minimum threshold of sufficient salary used by the Decent Work Observatory uses the normative argument in accordance with the average reality of households in Mexico; because for every person who receives income there is another dependent; 1.6 occupied by each home with an average of 3.5 people. This threshold for poverty wages is based on human rights standards, the human right to work and on article 123 of the Constitution, which establishes that the salary of those who work must not only support the person who works, but also their family (Gomez-Hermosillo, 2023).

GRAPH 7. EVOLUTION OF THE GENERAL MINIMUM WAGE (SMG), THE COST OF 1 AND 2 BASIC BASKETS PER MONTH (1 BB AND 2 BB)



*Note:* The BB refers to the basic basket (food + non-food) of urban areas for the month of January of each year (income poverty line).

*Source:* In-house elaboration with data from INEGI (s.f) and Government of Mexico (2025a).

rose to 68% in 2025 (latest available data).

Another element to consider is the persistently high number of people working without social security, which affected 61% of the employed population (35.9 million people) in the third quarter of 2025; the share of people working excessive hours<sup>18</sup> has remained relatively constant at around 25% of the employed population, as has the share of those working without legally mandated benefits (30%). However, the number of people doing so without affiliation to health services reached 35.9 million in 2025 (ACFP, n.d.).

Poverty in Mexico is fueled by labor precariousness. Low wages, informality and labor-market exclusion represent barriers and constraints to greater social mobility. These structural failures are severe and, despite the real increase in the minimum wage, precarious conditions persist. It is also important to clarify that, to sustain wage growth, a far more comprehensive state policy is required—one that promotes and strengthens the marginal productivity of labor<sup>19</sup> (Vargas, 2024). This is particularly critical for micro and

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<sup>18</sup> Excessive working hours are considered when they exceed 48 hours per week. Which is part of a violation of the human right to work (ACFP, n.a.).

<sup>19</sup> Between 2010 and 2022, the product per hour worked only grew at an annual rate of 0.02% (Vargas, 2024).

small enterprises, given that 51% of the employed population works in these firms which, although major job creators, exhibit low productivity levels. This, in turn, helps ensure that firms can absorb wage increases and meet their labor obligations, while also promoting labor formalization (Vargas & Contreras, 2025). In the same vein, once the minimum wage surpasses the monetary value of the poverty line, many of the current cash transfers within the prevailing social policy will need to be reviewed, as they must be adjusted to a scenario with greater labor justice and, therefore, reduced need for complementary support (social programs).

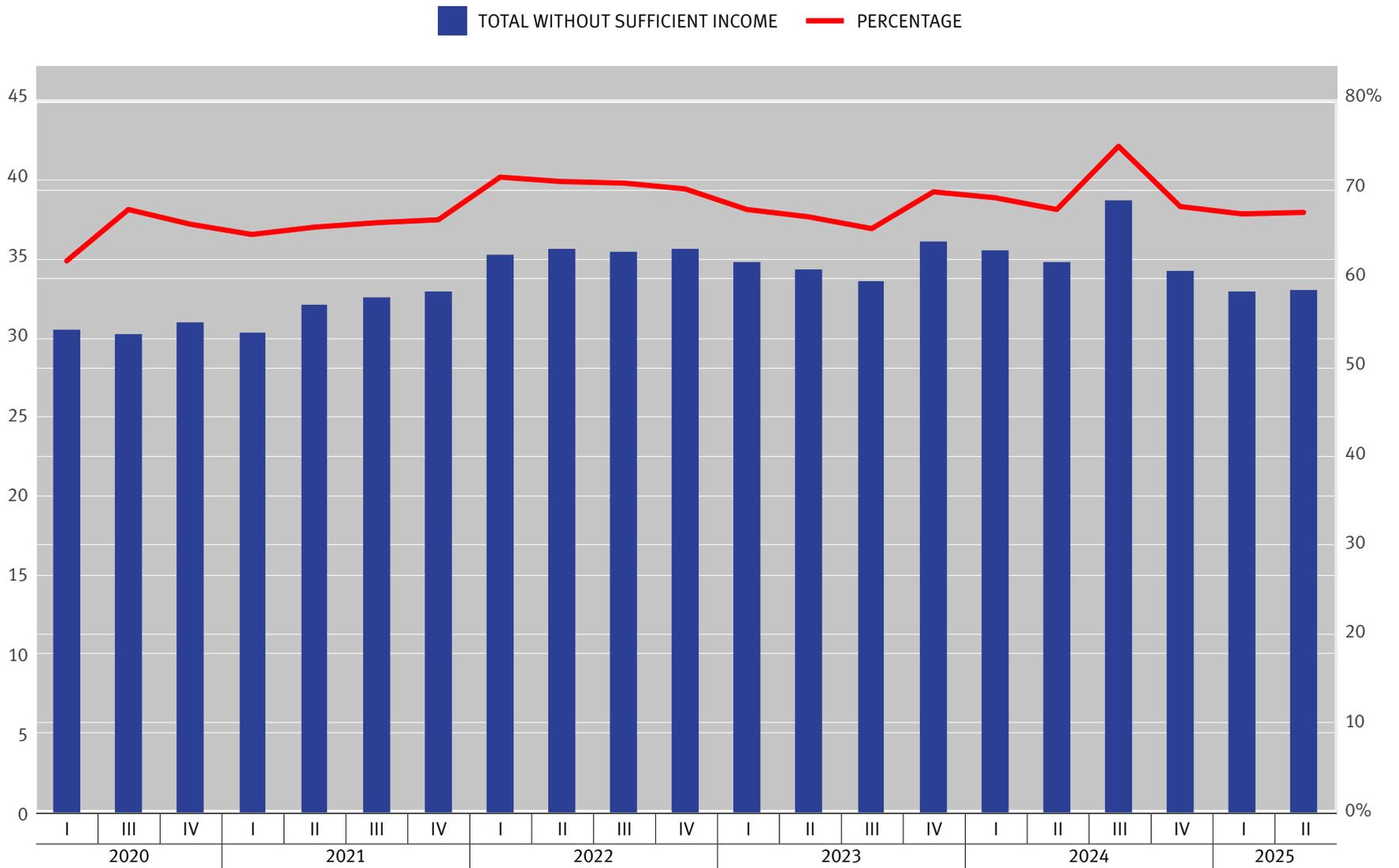
It should be noted that poverty in Mexico is unlikely to disappear merely because the minimum wage has reached the urban poverty line for a family; nonetheless, it has been a tool for lifting formal workers out of poverty. Informal workers—especially the majority who earn less than a minimum wage—do not benefit. In this context, a strategy to combat the informal economy is indispensable.

## 2.2.2 COMPONENTS OF POVERTY

The latest results of the National Household Income and Expenditure Survey (ENIGH) (INEGI, 2025a), the

*Once the minimum wage surpasses the monetary value of the poverty line, many of the current cash transfers within the prevailing social policy will need to be reviewed, as they must be adjusted to a scenario with greater labor justice and, therefore, reduced need for complementary support (social programs).*

GRAPH 8. EMPLOYED POPULATION WITHOUT SUFFICIENT INCOME  
(MILLIONS OF PEOPLE AND PERCENTAGE)



Source: In-house elaboration with data from ACFP (s.f).

instrument used by INEGI to measure poverty<sup>20</sup>, indicate that at least 13.4 million people exited that condition between 2018 and 2024. We know that, although there are advances to acknowledge, challenges persist. Although INEGI's (2025) poverty measurement finds a substantial decline in poverty (12.3 percentage points, equivalent to 13.4 million people), this decrease is explained by a larger reduction in moderate poverty (10.7 percentage points, 11.7 million people) and only a very slight reduction in extreme poverty (1.7 percentage points, or 1.7 million people) between 2018 and 2024 (Table 5).

This is undoubtedly a highly significant advance which, according to the ENIGH (INEGI, 2025a), resulted primarily from employment or labor income (11.4% growth between 2018 and 2024), analyzed above and from resources delivered through government transfers (2%)<sup>21</sup>. Between 2022 and 2024, all in-

<sup>20</sup>The definition of multidimensional poverty according to the INEGI must consider at least the following indicators: • Current income per capita • Average educational gap in the home • Access to health services • Access to social security • Quality and spaces of housing • Access to basic services in the home • Access to nutritious and quality food • Degree of social cohesion • Degree of accessibility to paved roads (INEGI, 2025b).

<sup>21</sup>In fact, the category that increased the most was household transfers. Although these data are consistent with improvements recorded in the wage bill—presumably driven by the

come Deciles recorded real increases in labor income (Decile I: real increase of 13.8%; Decile X: 6.9%). This suggests a faster recovery of labor income among low-income households, which could be linked to the increase in the minimum wage. Regarding non-labor income, transfers (scholarships, retirements, pensions, remittances and social programs) carry the greatest weight: among the wealthiest (Decile X, or the top 10% of households by income) contributory pensions predominate –i.e., those derived from social security contributions (63%)— whereas among the poorest (Decile I, or the bottom 10% of households by income) household transfers rely to a greater extent on the State program and conditions (42% and 74% of total transfers, respectively) (INEGI, 2025a).

workers into the formal sector—they are not consistent with other relevant data, such as household income figures from the System of National Accounts (2024 and 2025) of used with a certain degree of caution. Although the ENIGH is a well-established survey and its information is subjected to a rigorous validation process to ensure quality and accuracy, it presents certain structural challenges that have been questioned for several years by various researchers. The most decisive is the bias stemming from the possibility that respondents provide incomplete or inaccurate information about their income and expenditures, and that relevant income streams for which more precise administrative information exists are not used for the calculation and validation of results—as is the case with data from the System of National Accounts, social programs and remittances (Leyva, 2025; Cardenas, 2025). These data are not consistent with reported incomes. In this regard, it is essential for INEGI to adopt a truly inclusive approach, convening specialized civil society, academia and national and international organizations to submit the most relevant statistical instruments to review and validation. In this report, we will treat the official ENIGH 2025 data as valid, but with caution.

*Poverty in Mexico will hardly disappear simply by raising the minimum wage, which has been a tool to lift formal workers out of poverty. Informal workers do not benefit.*

TABLE 5. POPULATION IN POVERTY IN 2018 AND 2024 (MILLIONS OF PEOPLE AND %)

POPULATION IN POVERTY	POPULATION (MILLIONS OF PEOPLE)		BALANCE (MILLIONS OF PEOPLE)	PERCENTAGE (%)		BALANCE PERCENTAGE POINTS (PP)
	2018	2024		2018	2024	
Population in poverty = A+B	51.9	38.5	13.4	41.9	29.6	12.3
Population in situation of moderate poverty (A)	43.2	31.5	11.7	34.9	24.2	10.7
Population in situation of extreme poverty (B)	8.7	7	1.7	7	5.3	1.7

Source: In-house elaboration with data from INEGI (2025).

To date, in the country, only 32 out of every 100 people are considered neither poor nor vulnerable; the top 10% of income earners obtain up to 14 times more than the bottom 10%; 62.7 million people are vulnerable due to lack of access to social security (48.2%); more than 44 million are vulnerable due to lack of access to health services (34.2%); and 18.8 million people remain unable to access nutritious and quality food (14.4%) (INEGI, 2025a). Against this backdrop, the generalized failure to fulfill social rights becomes evident. Growth and higher incomes alone are not sufficient, since the persistence of poverty is linked to the dynamics of inequality; and inequality

is not limited to individuals' purchasing power, but also affects access to basic services such as health care, education, water and sanitation –i.e., factors that can curtail human rights due to discrimination, abuse and/or lack of justice.

The premises that run counter to poverty reduction and the pursuit of equal opportunities in Mexico are diverse and complex; among the most important are access to quality health care and education. In Signos Vitales (2025), we have analyzed how these elements combine and fracture the dynamics of progress, growth and development across the life course. It is

*Among the wealthiest (Decile X, or the top 10% of households by income) contributory pensions predominate, those derived from social security contributions (63%).*

*Among the poorest (Decile I, or the bottom 10% of households by income) households rely to a greater extent on social programs and donations.*

necessary to highlight the reduction in income poverty illustrated in Table 6. This is positive and noteworthy. Between 2018 and 2024, the largest reduction was 14 percentage points in the share of the population with income below the income poverty line; by contrast, the reduction in the share of the population with income below the extreme income poverty line was much smaller (4.7 percentage points).

The analysis of the components of poverty shows that social deprivations in Mexico are not driven solely by insufficient income, but rather by a set of cumulative disadvantages in access to education, health, housing, basic services and social security. These deprivations are not distributed homogeneously; in-

stead, they are territorially and socially concentrated, reproducing persistent inequalities. In this sense, the progress observed in certain poverty indicators is insufficient if it does not translate into sustained improvements in people’s capabilities and opportunities. The persistence of these deprivations requires analyzing not only how many people enter or exit poverty, but also how feasible it is to change their socioeconomic position over time –an element central to the analysis of social mobility.

Beyond precise magnitudes, it is important to emphasize that the previous six-year administration likely succeeded in reducing MODERATE POVERTY significantly, but not extreme poverty. During this first year

**TABLE 6. POVERTY BY INCOME IN 2018 AND 2024 (MILLIONS OF PEOPLE AND PERCENTAGE)**

ECONOMIC WELLBEING	POPULATION (MILLIONS OF PEOPLE)		BALANCE (MILLIONS OF PEOPLE)	PERCENTAGE (%)		BALANCE PERCENTUAL POINTS (PP)
	2018	2024		2018	2024	
Population with income below the extreme poverty line by income	17.3	12.1	5.2	14	9.3	4.7
Population with income below the income poverty line	61.8	46	15.8	49.9	35.4	14.5

Source: In-house elaboration with data from INEGI (2025).

of Claudia Sheinbaum’s government, the decision has been to continue the poverty-reduction strategy; however, a broad social policy is required that truly puts “the poor first” and has a greater effect on extreme poverty than on moderate poverty. If there is one aspect to assess in order to correct or improve during Sheinbaum’s six-year term, it is precisely this.

The limits of a social policy based on monetary transfers are reflected not only in the persistence of poverty, but also in the State’s inability to alter people’s life trajectories. In this regard, the analysis of social mobility is crucial for assessing whether income gains translate into greater opportunities over the life course, or whether initial conditions continue to determine the population’s social outcomes.

### 2.2.3 EFFECTS ON SOCIAL MOBILITY AND GENERATIONAL GAPS

People’s living conditions shape their future opportunities and therefore largely determine their social prospects. At Signos Vitales (2025), we have analyzed social mobility as changes in individuals’ socio-economic status. In other words, it allows us to identify improvements or setbacks in people’s wealth, health, or education over time. This is a decisive indi-

*The progress observed in certain poverty indicators is insufficient if it does not translate into sustained improvements in people’s capabilities and opportunities.*

*A broad social policy is required that truly puts “the poor first” and has a greater effect on extreme poverty than on moderate poverty.*



*Image: Moderate poverty. Photo: Carlos Daniel at <https://cimacnoticias.com.mx/2025/08/18/en-2025-mas-de-20-millones-de-mexicanas-permanecen-en-pobreza-inegi/>*

cator that helps us visualize how access to education, health, justice and social protection (among others) operates as a mechanism of inclusion and progress in individual well-being.

In this sense, social mobility is an approximation of a country's level of equality of opportunity. An inescapable reality is that in Mexico, even with the numerous programs and resources allocated to combat poverty and/or promote social well-being, inequality remains a burden that prevents these goals from being achieved.

In Mexico, initial conditions are inherited. This means that poverty shows high persistence across generations. In the previous section, we discussed the evolution of poverty and the declines that undoubtedly appear to be very good news. However, according to the Centro de Estudios Espinosa Yglesias, low social mobility –or the degree of inequality across generations– persists. According to the most recent data, half of those born into the lowest income quintile (quintile I) remain there throughout their lives; among them, 28% do not surpass quintile II and only 2% manage to rise to the highest quintile (Monroy-Gomez & Velez-Grajales, 2025).

Disparities also emerge when regions are analyzed: in



*Image: "73 per cent of Mexicans who are born in poverty, remain in poverty" reveals CEEY's report" at <https://sintesis.com.mx/2025/07/01/mexico-nacer-pobre/>*

*We have analyzed social mobility as changes in individuals' socioeconomic status. In other words, it allows us to identify improvements or setbacks in people's wealth, health, or education over time. (Signos Vitales, 2025).*

the South, 64 out of every 100 people born into poor households (quintile I) remain in that condition for the rest of their lives, whereas in the Center-North<sup>22</sup> this condition is 31 out of every 100. Gender also matters: women have fewer opportunities for social mobility; 51% of women born into poor households do not move beyond that condition and their probability of reaching the highest quintile is three times lower than men's. Likewise, women more frequently lose that advantage of origin: 47% of women report persistence in the highest quintile (quintile V), while men report a higher percentage (53%).

Taken together, social mobility data confirm that in Mexico, initial conditions continue to be a determining factor of individuals' socioeconomic destinies. The intergenerational persistence of poverty, regional and gender gaps and inequalities in access to education and quality employment configure an environment of profoundly unequal opportunities (Monroy-Gomez & Velez-Grajales, 2025). This low social mobility reflects not only the limits of the prevailing

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<sup>22</sup>At the national level, 1 in 2 people (50%) of those born in the lowest income quintile (quintile I) stay there throughout their adult lives. The southern region includes the states of Guerrero, Oaxaca, Chiapas, Veracruz, Tabasco, Campeche, Yucatan and Quintana Roo. The North-Central region includes the states of Jalisco, SLP, Michoacan, Aguascalientes and Colima.

social policy, but also the absence of a comprehensive strategy aimed at developing capabilities and ensuring equality of opportunity. Without structural changes in these areas, temporary improvements in poverty will be difficult to consolidate and social gaps will continue to reproduce across generations.

The good news is that the intergenerational persistence of poverty, measured by individuals' incomes, indicates a reduction of 7 percentage points between 2017 and 2023 (from 48% to 41%, respectively). However, the bad news is that in 2023 (the most recent data available), 73 out of every 100 people who were in the lowest quintile of economic resources at birth, in adulthood still remain below the well-being line. In other words, three out of every four people born under those disadvantaged conditions remain there. The challenge is enormous, as the share of people born in poverty (by income) and who remain in that condition throughout their lives is still very high.

The results are overwhelming and the challenges persist. At least 48% of differences in achieved levels of wealth, economic resources, income and/or education are due to the fact that people do not have the same opportunities. This is a high figure internation-

*This low social mobility reflects not only the limits of the prevailing social policy, but also the absence of a comprehensive strategy aimed at developing capabilities and ensuring equality of opportunity. Without structural changes in these areas, temporary improvements in poverty will be difficult to consolidate and social gaps will continue to reproduce across generations.*



Image: Adults learning to write at <https://www.milenio.com/estados/aprenden-leer-escribir-19-mil-adultos-sierra-norte>

ally; Mexico is among the 10 countries with the greatest inequality of opportunity. In an unequal Mexico, patterns of low social mobility are associated with the existence of unequal opportunities. An individual's life outcomes are shaped both by factors under their control (degree of effort) and by factors beyond their control (circumstances).

Within this framework, several determinants of inequality of opportunity have been identified. We know that the economic resources of the household of origin account for up to 54% of inequality of opportunity; this can be regarded as a failure of the State, since this anchor does not allow individuals to break free from the conditions of their household of origin in adulthood. Likewise, parents' educational attain-



Image: Mode of transportation at <https://cletofilia.com/del-mototaxi-al-bicitaxi-evolucionar-o-morir/>

ment accounts for up to 11%. Other factors also matter, though to a lesser extent: 8% region of origin, 7% sex, 6% rural community of origin, 6% whether the father was an agricultural worker, 2% Indigenous status, 2% whether the mother was an agricultural worker, 2% skin tone and 1% public services in communities (neighborhoods) (Monroy-Gomez & Velez-Grajales, 2025).

It is important to acknowledge achievements and progress, though it is even more important to gauge the challenges. In Mexico, one success has been the increase in the minimum wage, which has contributed to a reduction in labor poverty. The task does not end here: precarious working conditions and informality shape people's lives and constrain social well-being.

*Mexico is among the 10 countries with the greatest inequality of opportunity: patterns of low social mobility are associated with the existence of different opportunities.*

Moreover, it is necessary to implement a comprehensive State policy that promotes and boosts business productivity in order to sustain minimum-wage increases.

Although, according to official data, moderate poverty has declined (driven by higher wages), further efforts are still needed to combat extreme poverty. The sustained pursuit of greater social mobility remains an outstanding task. Being born, growing up, living and competing under equal conditions requires substantial efforts to restore the social pact. In Mexico, poverty is inherited and the country remains far from a context in which people's circumstances do not determine their trajectories or life outcomes. Moving toward a Mexico with equality of opportunity is an unfinished task that, if left unaddressed, could entail high social and economic costs for the country.

### 2.3 Inequality and Education

In Mexico, structural problems persist that hinder the country's economic and social development. One of them is educational inequality. Differences in access to instructional resources, infrastructure and/or learning outcomes reveal gaps that are difficult to close. Mexico requires an education system that



Image: "Informal and low-paid jobs grow" at [https://issuu.com/ctmnacional/docs/revista\\_li\\_de-res\\_trabajadores\\_270\\_1\\_/s/13347922](https://issuu.com/ctmnacional/docs/revista_li_de-res_trabajadores_270_1_/s/13347922)

*It is important to acknowledge achievements and progress, though it is even more important to gauge the challenges. In Mexico, one success has been the increase in the minimum wage, which has contributed to a reduction in labor poverty. The task does not end here: precarious working conditions and informality shape people's lives and constrain social well-being.*

equips students with the skills needed for the future and, at the same time, guarantees educational equality. Unfortunately, the data show that those most disadvantaged continue to be individuals with low socioeconomic status, which compromises their future options and limits their capacity to move forward.

In this section, we analyze how, just over a year into the current president's administration, challenges persist, summarized in at least three key points and developed throughout the text: 1) breaks in educational trajectories; 2) limited relevance of learning to the new demands of the labor market; and 3) evaluation and education policy moving in opposite directions. Education is a fundamental pillar for driving economic growth, promoting equity and mitigating poverty. Changes in education policy shape the lives of millions of students who will eventually see their future opportunities and aspirations constrained.

### 2.3.1 TRAJECTORIES, DISRUPTIONS AND SCHOOL DROPOUT

According to the latest OECD report on Education (2025), educational attainment worldwide is higher than ever, with 48% of the population holding tertiary education; however, in countries such as Costa Rica, Indonesia, Peru, South Africa and Mexico, more than

1 in 3 young people aged 24 to 34 have not completed upper secondary education. Moreover, globally, the share of people with secondary education decreased between 2019 and 2024 (15% and 13%, respectively). In Mexico, Brazil, Costa Rica, Portugal, Hungary and South Africa, however, the highest level of schooling attained by the majority of the population is completed lower secondary education.

According to the World Economic Forum (WEF, 2024), educational inequality in Mexico exceeded the Latin American regional average and the global average in 2023. By the third quarter of 2025 (the most recent data available), approximately 20.1 million children and young people reported attending school, while more than 714,000 minors under age 15 reported not attending. Although this represents only 4% of the total for that period, it should not be interpreted as a positive outcome.

To put this into perspective, in recent years a regrettable loss of students has been recorded. In the most recent school year (2024–2025), a decrease of 1.9 million basic-education students was reported compared to 2018–2019 (public schools) and in the case of private schools the loss exceeded 218,000.

Basic education in Mexico spans from early child-

### *Three key points:*

- 1) breaks in educational trajectories;*
- 2) limited relevance of learning to the new demands of the labor market; and*
- 3) evaluation and education policy moving in opposite directions.*

hood education through lower secondary school (approximately ages 6 to 12). This stage has experienced continuous declines in enrollment in public schools, despite the persistence of educational scholarships:

- » In 2018, access to scholarships showed that in public schools, 44.3% of students with fewer resources (quintile I) did not have an educational scholarship, while among those with the highest incomes (quintile V), 84.2% also did not have such support.
- » Currently, the universalization of scholarships has not fulfilled the promise of reaching everyone; moreover, it has reversed this scenario. In 2024, 41.5% of young people aged 15 to 17 in quintile I who attended a public high school still did not receive a scholarship, while among the most privileged quintile (quintile V), the share of public-school students without a scholarship fell by half (to 48.5%). In other words, higher-income students now receive more (Fernandez *et al.*, 2025).

In other words, the universalization of scholarships has resulted in resources ending up in higher-income households, without evidence that this financial support was decisive for continuing schooling (Fernandez *et al.*, 2025).

Moreover, inequality is not limited solely to who receives a scholarship, but also to when it is received.

There is evidence that scholarships are not being delivered on time; that is, they are not provided from the first semester, which is when students most need them to prevent school dropout. The first year of upper secondary education is the period of greatest risk of dropout (out of every 100 young people who enroll, 38 leave school during upper secondary education) (Mexico Evalua & Tec de Monterrey, 2024a). In 2018, only 27.6% of those who attended the first year of upper secondary education received a scholarship and by 2024 this figure had fallen to 24.6%. By contrast, in the third year (when continued enrollment is already largely secured), coverage increased from 34.4% to 67.6%. This limits the ability to ensure educational attainment and completion (Fernandez *et al.*, 2025).

On the other hand, government scholarships and strategies are also failing to yield favorable learning outcomes. As we have shown at Signos Vitales (2025), the most recent PISA 2022 results indicate that the share of 15-year-old Mexican students lacking basic competencies in mathematics, reading and science has increased. In Mexico, 2 out of every 3 students who were 15 years old in 2022 were unable to perform simple mathematical operations and 1 out of every 2 was unable to understand a text (OECD,

*In the most recent school year (2024–2025), a decrease of 1.9 million basic-education students was reported compared to 2018–2019 (public schools) and in the case of private schools the loss exceeded 218,000.*

2023), with more severe effects among the most vulnerable.

At present, the challenge of evaluating not only learning outcomes but also the comprehensiveness and coherence of education policies persists. In the final section, we analyze in detail the attacks on educational evaluation since the previous administration, which reflects the need for new governance in educational assessment. There is urgency to ensure transparency, effectiveness and equity in evaluation processes; yet despite this deficit, the Government has neither prioritized nor addressed it. On the contrary, constitutional changes (the disappearance of autonomous bodies such as INEE, Coneval and Mejoredu), discrediting and the elimination of the prior legal framework have revealed that education policy is moving in the opposite direction from accountability and the legitimacy of evaluations.

Strategies are needed that respond to specific contingencies such as learning loss, school retention and the completion of educational trajectories. There is currently a substantial body of studies with recommendations that specialists in the field have developed in their advocacy and concern for education (Mexico Evalua & Tec de Monterrey, 2024b; Solano,

2011; Backhoff, 2023; Schmelkes, 2023; Xaber, n.d.; and/or Fernandez, 2026). Unfortunately, disregard for scientific evidence has been the constant. Education should equalize opportunities and serve as an engine of progress toward a more just society.

### 2.3.2 INEQUALITY AND EDUCATIONAL GAPS

Being able to attend school is only one approximation of the right to education; educational quality, opportunities and the tools education offers for the future are the key to comprehensive, high-quality education. Through education, individuals acquire knowledge and skills to improve their socioeconomic *Constitutional changes (the disappearance of autonomous bodies such as INEE, Coneval and Mejoredu), discrediting and the elimination of the prior legal framework have revealed that education policy is moving in the opposite direction from accountability and the legitimacy of evaluations.*

*Strategies are needed that respond to specific contingencies such as learning loss, school retention and the completion of educational trajectories.*

status, access better jobs and wages and break cycles of poverty. Promoting an equitable society is not an easy task, especially under current conditions.

Mexico is among the 10 countries with the greatest inequality of opportunity, which undoubtedly prevents individuals from aspiring to greater social mobility. One sign that inequality of opportunity is decreasing is an increase in educational mobility, which occurs when access to different levels of schooling ceases to depend on parents' educational attainment.

In Mexico, educational inequality persists and gaps are difficult to close: between 2016 and 2024, young people's educational advantage relative to their parents declined and access to professional studies did not improve significantly (Velez, 2025). In 2016, 72% of young people aged 18 to 24 had more schooling than their parents; by 2024 this figure fell to 67%. In terms of average years of advantage, it decreased from 2.8 years to 2.2 (INEGI, 2025a).

Education would be expected to be a driver of social mobility; however, in Mexico, one factor contributing to educational inequality is the influence of socioeconomic background on access to education. In other words, the way in which our parents' edu-

cational circumstances affect our performance. This becomes much clearer when comparing different socioeconomic groups –namely, what has happened to the population coming from households with lower educational levels?

Despite the motto “for the good of all, the poor first,” the data reveal a reality that does not align with the discourse. Inequality remains latent and permeates the poorest households, compromising their future opportunities. In Mexico, 4 out of every 10 people (39%) from households where parents attained only primary education do not progress beyond that level. Among them, only 36% complete lower secondary school, which is the national average level of schooling (9.7 years of study, or completed lower secondary education). This means that three out of four individuals do not surpass the country's average level of education, which in turn limits the accumulation of human capital and, therefore, the capacity of the education system to function as an engine of social mobility (Monroy-Gomez & Velez-Grajales, 2025).

Guaranteeing access to education throughout Mexico and addressing educational lag must be a priority if the goal is to strengthen social progress and social mobility. Educational lag is a constraint that weighs

on personal, family, economic and social development. Those who can read and write are not on equal footing with those who cannot –much less compared to those who completed basic, upper secondary and/or tertiary education. This limits skills and affects the ability to aspire to decent employment, thereby perpetuating poverty.

Knowing the educational attainment of the population is necessary in order to assess whether the compulsory nature of education is being fulfilled<sup>23</sup>. In 2024 (the most recent data available), 24.2 million people were recorded as experiencing educational lag; 1.9 million more than in 2016 (18.6% and 18.5%, respectively). The states with the highest poverty levels are also those in which more than 28% of the population experiences educational lag (INEGI, 2025a).

Table 7 presents some of the components of edu-

<sup>23</sup> A person is considered educationally backward if they meet any of the following criteria: • They are between 3 and 21 years old, do not have compulsory education and do not attend a formal education center. • You are 22 years old or older, you were born in 1998 and you have not completed compulsory education (high school). • You are 16 years old or older, born before 1982 and do not have the mandatory level of education in force at the time you should have completed it (complete primary school). • You are 16 years old or older, you were born between 1982 and 1997 and you do not have the level of compulsory education in force at the time you should have completed it (complete secondary school) INEGI, 2025b.

*In 2024 (the most recent data available), 24.2 million people were recorded as experiencing educational lag; 1.9 million more than in 2016 (18.6% and 18.5%, respectively). The states with the highest poverty levels are also those in which more than 28% of the population experiences educational lag (INEGI, 2025a).*



*Image: "Chiapas, with the highest percentage of children without access to social security and education" at <https://elsoldechiapas.com/chiapas-con-el-mayor-porcentaje-de-menores-sin-acceso-a-seguridad-social-y-educacion/>*

cational lag, in which only marginal advances can be observed. Although there were reductions in the share of the population not attending school, these decreases were small (–1.7 pp; –1.5 pp; –3 pp; –0.6 pp between 2018 and 2024). By contrast, the non-attendance rate among the population aged 16 to 21 increased by 1.6 pp over the same period (INEGI, 2025b).

At the state level, between 2018 and 2024, the share of the population experiencing educational lag decreased in most states, but increased in six: Chiapas,

Oaxaca, Guerrero, Puebla, Campeche and Durango—some of which have among the highest poverty rates at the state level. These deprivations limit opportunities for labor market entry and mobility, particularly in an environment where continuous training and digital skills are increasingly decisive for accessing quality jobs. In this regard, bachelor’s degree programs or their equivalents constitute the primary gateway to higher education in most OECD countries. Unfortunately, in Mexico, the level of higher-education attainment among young adults aged 25 to 34 is among

TABLE 7. COMPONENTS OF THE EDUCATIONAL LAG IN 2018 AND 2024

YEAR	PERCENTAGE			POPULATION BORN AFTER 1998 WITHOUT COMPULSORY EDUCATION (HIGH SCHOOL)	
	Population from 3 to 21 years old that does not attend school and does not have compulsory education (%)	Population aged 16 and over born between 1982 and 1997 without completing secondary school (%)	Population aged 16 and over born before 1982 without completing primary school (%)	Non-attendance rate of the population from 3 years to 15 years	Non-attendance rate of the population aged 16 to 21
2018	15.6	16.7	25.3	8.9	47.6
2024	14.9	15.2	22.3	8.3	49.2
REDUCTION IN PP	–0.7	–1.5	–3	–0.6	1.6

Source: In-house elaboration with data from INEGI (2025g).

the lowest in the OECD (38th out of 40) (OECD, 2025).

On the other hand, a favorable development is that women increasingly constitute the majority of first-time entrants into higher education in Mexico. Women represented 53% of those entering higher education for the first time in 2023, compared with 49% in 2013 (OECD, 2025). However, current trends demand ever greater and better preparation and the lack of the necessary talent is a real constraint. According to IMCO, service-sector (tertiary) activities contribute more than half of GDP, yet this same sector faces the greatest difficulty in finding talent.

Within the OECD, the two most popular fields of study are: 1) science, technology, engineering and mathematics (STEM) and 2) business, administration and law, each accounting for 23% of graduates from bachelor's degree programs or equivalent. They are followed by arts and humanities, social sciences, journalism and information, which account for 22% of graduates. In Mexico, there are only 1.2 million women graduates in STEM and 3.1 million men, indicating that women's enrollment in STEM programs would need to more than double to match men's enrollment—even though STEM professionals earn 24% more income than other professions. This constrains the

potential talent required by ongoing change and, at the same time, deepens the gender gap that disadvantages women.

Today's digital world permeates societies and economies across the globe to varying degrees. In this context, technological infrastructure and the development of digital skills are imperative to reduce the digital divide. Evidence indicates that a 1% increase in the Digital Economy Index<sup>24</sup> (DEI) boosts total GDP by 0.058% and this effect doubles in states with greater economic progress (up to 0.134%). In other words, the level of development of Information and Communication Technologies (ICT) is fundamental for driving economic growth through digital skills and specialized internet use (Rodriguez, 2025).

There is a close relationship among economic performance, digitization and human capital, which underscores the need to pay attention to digital and artificial intelligence (AI) skills. One sector in which the use of AI has had an impact is education (Santillan, 2025). AI provides the potential needed to address

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<sup>24</sup>Digitalization indices are built to measure inequalities or gaps. This index is focused on measuring the digital progress of countries and the development of ICTs. In Mexico, the IESD reveals the digital evolution of the 32 states and public policy on digital matters.

*The level of higher-education attainment among young adults aged 25 to 34 is among the lowest in the OECD (38th out of 40) (OECD, 2025).*

certain challenges in contemporary education, innovate teaching and learning practices and even accelerate progress toward achieving the Sustainable Development Goals of the UN 2030 Agenda<sup>25</sup>. An additional challenge for Mexico is to improve conditions and infrastructure across the country's regions so that students can access these tools, in order to avoid widening educational gaps between communities and to promote the appropriate use of this technological tool that is already part of our lives.

In another vein, considering how resources are allocated is also to consider how lives are transformed. Although between 2012 and 2026 public spending on basic education doubled in real terms, its composition changed significantly. Greater priority is now given to scholarships and direct transfers to schools, which has reduced resources for pedagogical programs, teacher training and educational materials.

These kinds of changes had already been evident since the outset of the Fourth Transformation (4T). Since 2020, the central pillar of the federal basic-education budget has been the Benito Juárez Scholarship Program (2020–2024) or the Universal Rita Cetina Scholarship for Basic Education (from 2025 onward).

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<sup>25</sup> SDG 4. Quality Education (UN, n.d.)



*Image: "IPN invests 232 MDP in computers and telecommunications" at <https://www.educacion-futura.org/la-inteligencia-artificial-es-un-reto-para-el-sistema-educativo-nacional-y-los-procesos-de-ensenanza-sep/>*

This program began with 41 billion pesos and in 2026 investment will be around 129 billion pesos. In other words, the government decided to quadruple investment in scholarships relative to the educational resources allocated by the Propsera program in 2012 (Barrios, 2025).

Another change was the shift from the Full-Time Schools Program (ETC) to *La Escuela Es Nuestra*

*Greater priority is now given to scholarships and direct transfers to schools, which has reduced resources for pedagogical programs, teacher training and educational materials.*

(LEEN) program. Between 2012 and 2020, the ETC program grew by 19.4% in real terms. Beginning in 2021, the program was reconfigured and LEEN emerged; its resources have increased by 68% over the past seven years (Barrios, 2025).

On the one hand, this ended the support for food and education for 3.6 million children and adolescents, putting future educational opportunities for this life stage at risk<sup>26</sup> (Mexicanos Primero, 2022). On the other hand, it initiated the direct transfer of resources to Participatory School Administration Committees (CEAP), which allocate resources to maintenance, rehabilitation and construction of school facilities, rather than investing them in equipment, nutrition and/or extended school hours.

In other words, a pedagogical program with extended school time, meals and support from school authorities was replaced with an infrastructure-improvement program based on local decisions by committees. This imposes an additional challenge: without an extended school day and without a robust ped-

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<sup>26</sup>This increased educational risks (learning time), heightened the risks of rising inequality (impacts on the most vulnerable communities) and undermined the commitment to comprehensive education, as the Full-Time Schools Program (ETC) addressed nutritional, cultural and sports-related dimensions.

agogical component, the improvement policy risks becoming limited to works and/or upgrades without ensuring greater learning opportunities—especially for the most disadvantaged.

Despite the fact that, historically, there have been essential actions and programs that have helped advance educational equity, the 4T project has decided to weaken them in budgetary terms.

This is the case of:

- » Conafe (a key program for rural communities): The budget falls by 46.6% in 2026 compared to what was allocated in 2012. The amount went from 9.3 billion pesos in 2012 to nearly 5 billion pesos in 2026 (constant 2026 pesos).
- » The production of textbooks and educational materials: the allocated amount decreases from 5 billion pesos to around 3 billion pesos.
- » The National English Program was reduced by 47.1% between 2012 and 2026.
- » The Teacher Professional Development Program experienced a decline in resources for basic education of nearly 85%, falling from 680 million to about 100 million pesos between 2012 and 2026 (Barrios, 2025).

*A pedagogical program with extended school time, meals and support from school authorities was replaced with an infrastructure-improvement program based on local decisions by committees.*

These reductions are not merely figures; they entail less support for education services with consequences for educational inequity, less teacher training and fewer materials to enrich classrooms—thereby widening and deepening inequality.

The close relationship between educational inequality and inequality of opportunity requires solid structural foundations that enable sustainable progress. Access to quality education is an indispensable tool that requires a design ensuring retention and advancement for all, prioritizing those most constrained by disadvantaged origins. More than a year into the current president's administration, policy is not yet moving in that direction; nonetheless, these trends help to make visible the urgent challenges that must be overcome and the gaps that must be closed.

### 2.3.3 ELIMINATION OF INSTITUTIONS AND IMPACTS ON EVALUATION

There have been multiple assaults on public information. In *Signos Vitales* (2023), we have issued warnings in this regard. Specifically, the loss of education-

al statistics implies no longer knowing the state of the National Education System and the path it has taken. Since 2023, it became public that the Educational Information and Management System (SIGED) ceased to be classified as information of national interest. This represented an irresponsible accountability decision in public administration.

From the outset of the 4T and its continuation under the current president, a certain disregard for evidence and accountability has been evident. It suffices to mention the attacks on Constitutionally Autonomous Bodies (OCAs), addressed extensively in *Signos Vitales* (2021, 2022 and 2023). From a legal perspective, this poses a serious risk to democracy and the rule of law, as it has concentrated power in the presidential office and limited the capacity of autonomous bodies to function as checks and balances.

In the educational sphere, with the disappearance of institutions such as the National Institute for the Evaluation of Education (INEE), the country lost the policy guidance that coordinated analyses and studies generating indicators for international assessments (PISA), the Latin American Laboratory for the Assessment of the Quality of Education and the International Association for the Evaluation of Educational

*There have been essential actions and programs that have helped advance educational equity, the 4T project has decided to weaken them in budgetary terms:*

- » *Conafe (a key program for rural communities)*
- » *Production of textbooks and educational materials*
- » *National English program*
- » *Teacher Professional Development program*

Achievement (IEA).

Thus, the creation of INEE was the country's most important project for evaluating the National Education System (SEN). Nevertheless, during the first year of the government of Andres Manuel Lopez Obrador (2018–2024), educational evaluation underwent a highly significant change: INEE was eliminated and in October of that same year the National Commission for the Continuous Improvement of Education (Mejoredu) formally began its functions. With this, the key element for evaluating educational policies from the previous three administrations<sup>27</sup> was eliminated, thereby compromising the high quality of studies, the elevated technical standards of evaluations and the reports produced throughout INEE's existence.

To replace it, Mejoredu was created and some func-

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<sup>27</sup> On May 15, 2019, the government of Andres Manuel Lopez Obrador enacted the education reform that repealed the one introduced under Enrique Peña Nieto and on September 25 of that same year its implementing (secondary) legislation was approved. The main changes included replacing the National System for the Evaluation of Education (SNEE) with the National System for the Continuous Improvement of Education; dissolving the National Institute for the Evaluation of Education (INEE) and establishing the National Commission for the Continuous Improvement of Education; replacing the Professional Teaching Service (SPD) with the Teachers' Career System; and creating the Comprehensive System for Teacher Training, Professional Development and Capacity Building.

tions were retained, including conducting studies, specialized research and comprehensive formative diagnostic evaluations, as well as generating and disseminating information that would contribute to the continuous improvement of education. Accordingly, in 2021 the project called "Comprehensive formative diagnostic evaluation" (EDFI) was created, which sought to overcome the limitations of standardized evaluations and their linkage to educational processes. This evaluation was directed at students from second grade of primary school through third grade of lower secondary school and participation was voluntary (Sanchez & Backhoff, 2024).

Mejoredu's principal responsibility should have been the conceptual, technical and methodological characterization of this new evaluation (EDFI). Its second responsibility was to define the stages of the evaluative process and communicate what the information returned to society would consist of. Unfortunately, both were handled superficially and rather than producing an evaluation that surpassed prior ones in quality, the EDFI used application, analysis and reporting mechanisms that fall short of scientific standards and the good practices accepted by the global academic community (Sanchez & Backhoff, 2024).

*The creation of INEE was the country's most important project for evaluating the National Education System (SEN). Nevertheless, during the first year of the government of Lopez Obrador (2018–2024), educational evaluation underwent a highly significant change: INEE was eliminated and in October of that same year the National Commission for the Continuous Improvement of Education (Mejoredu).*

After a lamentable performance, in a profoundly contradictory move, the current Federal Government headed by President Claudia Sheinbaum carried out the elimination of Mejoredu. Prior to this action, in February 2024 former president Lopez Obrador introduced an initiative to eliminate seven autonomous bodies and, in an almost incomprehensible manner, Mejoredu was included on that list. It bears recalling that the arguments for eliminating Constitutionally Autonomous Bodies (OCAs) were that they generated excessive costs for the State and were a legacy of neoliberalism that prevented benefiting the most vulnerable sectors of society. In that sense, it seemed ironic to seek the elimination of the very institution created by the sitting government, given that Mejoredu was neither autonomous nor neoliberal.

On December 20, 2024, Mejoredu was eliminated. The initiative was approved, but no specific extension decree was stipulated, nor was there a clear communication strategy for its definitive closure. This created uncertainty even among the staff who continued working, which led to the emergence of the Mejoredu Workers' Movement for the defense of their labor rights. This constituted an act of legitimate resistance, motivated by indignation and institutional abandonment, as well as the pursuit of a dignified



*Image:* Etelvina Sandoval, president of Mejoredu resigns. Victoria Valtierra Ruvalcaba / Cuartoscuro at <https://oem.com.mx/elsoldemexico/mexico/etelvina-sandoval-renuncia-tras-la-desaparicion-de-mejoredu-21547674>

exit.

Finally, on May 31, 2025, Mejoredu closed its doors. The disappearance of the Commission without creating an equivalent body capable of guaranteeing high-quality, independent and reliable educational information, analysis and statistics opens the way to growing opacity regarding the reality of the education system. Without institutions that provide contrast, without technical checks and balances, the country becomes more vulnerable to unilateral deci-

*After a lamentable performance, in a profoundly contradictory move, the current Federal Government headed by President Claudia Sheinbaum carried out the elimination of Mejoredu.*

*Without creating an equivalent body capable of guaranteeing high-quality, independent and reliable educational information, analysis and statistics opens the way to growing opacity regarding the reality of the education system.*

sions, without accurate diagnoses or accountability.

To make matters worse, in October 2025 it was identified that Mexico's educational evaluation databases were taken offline. In other words, although the administrative structure had already disappeared, the INEE and Mejoredu websites remained available, containing digital versions of all research conducted over more than 20 years. This represented a serious setback to the effort to expand and improve educational statistics—an effort that took years to build.

The success of any public policy is based on: (1) having an accurate diagnosis of the origin of a given public problem—an analysis generally grounded in data and indicators that enable more precise decision-making when formulating an assessment—and (2) having the appropriate tools to solve the problem. This refers to a set of institutional capacities ranging from having an adequate budget to having the appropriate personnel and organizational structure for the implementation and monitoring of programs.

Analysis of the education system shows that, far from consolidating as a driver of social mobility, education in Mexico is undergoing a process of institutional weakening that compromises its ability to reduce in-

equalities. The absence of a national body with the technical capacity to evaluate learning outcomes, schools and education policies severely limits the ability to design evidence-based interventions. Without an education system capable of guaranteeing relevant, high-quality learning, educational trajectories become fragmented and labor opportunities are restricted, particularly for the most vulnerable sectors. In this context, education not only ceases to correct inequalities; it risks reproducing them, directly affecting social cohesion and intergenerational mobility.

In Mexico, inequalities persist and the notion of education as a driver of social mobility fades over time. Unequal learning outcomes, the series of negative government policies that remain uncorrected, resistance to designing measurements and establishing clear and legitimate strategies and the inability to advance toward the expansion of education are only some of the challenges facing this administration.

Moreover, the lack of alignment between learning and the labor market, the disruption of educational trajectories and an education policy moving in the opposite direction are among the barriers to promoting equity, expanding opportunities and mitigating poverty. Opacity grows and persists when it comes

to concealing information. At Signos Vitales, we document the disregard for evidence and the drive to dismantle what was previously built. Scientific evidence is essential to avoid erasing the historical record that accounts for the evolution of the education system and reflects the federal administration. In the absence of further evaluations that make it possible to understand the status and scope of educational deprivations, it will be very difficult to properly gauge the problems that would need to be addressed through education policy.

## 2.4 Transport, water and housing services: indispensable for human development and social mobility

*Unequal learning outcomes, the series of negative government policies that remain uncorrected, resistance to designing measurements and establishing clear and legitimate strategies and the inability to advance toward the expansion of education are only some of the challenges facing this administration.*



*Image:* "Against unequal learning and developing professionals: the initiative of 'Teach for Mexico'" at <https://animalpolitico.com/tendencias/estilo-de-vida/ensena-por-mexico-iniciativa-inequidad-educativa?mdrv=www.animalpolitico.com>

As noted in previous sections, in Mexico, equality of opportunity remains a utopia. The lack of coverage and quality in basic services –such as education, health care, transport, housing, mobility and others– drives low social mobility<sup>28</sup>, whereby initial circumstances (characteristics outside individuals’ control) significantly shape a person’s life trajectory. Thus, in Mexico, a person born into poverty –or wealth– is highly likely to remain in that condition throughout life.

#### 2.4.1 TRANSPORT

Mobility (movement) and accessibility are indispensable factors for individuals’ full development (Fook *et al.*, 2022) and are essential to advancing equality of opportunity. For this reason, having efficient, safe, clean and affordable transport systems improves and increases travel within cities, which in turn raises labor productivity, access to employment, education, health care, the right to the city, leisure and access to opportunities that enable people to improve their living conditions (Fook *et al.*, 2022) (Aguirre, 2017).

According to information from the Inter-American Development Bank, transport systems in Latin America and the Caribbean have created more physical,

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<sup>28</sup> Understanding social mobility as the change in socioeconomic position with respect to the origin of birth.

time-related and economic barriers by excluding—among others –persons with disabilities, residents of urban peripheries, or people living in poverty who cannot afford commuting costs, thereby excluding them from better employment opportunities, education, or even health care (Fook *et al.*, 2022).

A similar situation occurs in almost all Mexican cities, where public transport systems tend to be insufficient, fragmented and unevenly distributed, reinforcing patterns of socio-spatial segregation and limiting the effective exercise of basic rights. In this context, the role of the state is central to reversing—or reproducing—these structural inequalities, particularly through public policies on transport and mobility.

The arrival of Claudia Sheinbaum to the Presidency of the Republic generated significant expectations regarding a possible reorientation of the public transport model, not only because of her prior trajectory as Head of Government of Mexico City, but also due to her discourse focused on social justice, sustainability and universal access to rights. However, beyond rhetoric, it is essential to critically examine her first year in office to determine to what extent the actions undertaken have effectively helped reduce inequalities in access to mobility, or whether, on the contrary, they

*The lack of coverage and quality in basic services – such as education, health care, transport, housing, mobility and others– drives low social mobility, whereby initial circumstances (characteristics outside individuals’ control) significantly shape a person’s life trajectory.*

have reproduced the same logics of exclusion, territorial segmentation and service precarization that have historically characterized public transport in Mexico.

As part of her political strategy, in 2024 Claudia Sheinbaum announced 100 commitments for her government, among which the following –related to mobility and transport– are highlighted here (Presidency of the Republic, 2024):

- » Expand border crossings with the United States.
- » Build the Tren Maya line to Progreso.
- » Implement freight transport on the Tren Maya.
- » Complete Line K of the Interoceanic Train toward the border with Guatemala.
- » Build 3,000 km of new passenger rail lines.
- » Strengthen freight transport by rail.
- » Rehabilitate 4,000 km of federal highways.
- » Continue the Rural Artisan Roads Program.
- » Build and expand highways, roads and bridges.
- » Build interchanges and urban roadworks.
- » Consolidate the port of Salina Cruz and improve 11 additional ports.
- » Strengthen Mexicana de Aviacion.
- » Expand four airports and renovate Mexico City International Airport “Benito Juarez.”

As a consequence, in the 2025 Federal Expenditure Budget, a total amount of just over 147 billion pesos was allocated to Budget Line (Ramo) 09: Infrastructure, Communications and Transport, arguing in its programmatic strategy that the resources would be used for the following purposes:

Likewise, the budget amounts from 2012 to 2025 were compared at constant 2025 prices and a significant increase in the budget was observed following the arrival of Sheinbaum to power, so that the budget assigned to branch 09 in 2025 almost triples that of 2019, when Lopez Obrador was in command.

While the increase in the budget allocated to Budget Line (Ramo) 09 during the first year of Claudia Sheinbaum’s administration could be interpreted as a strengthening of transport policy, this rise primarily reflects the continuation and expansion of mobility projects at the regional and national scale, such as rail infrastructure, highways, ports and airports. These projects are strategic for territorial integration and economic activity, although they have a limited impact on the day-to-day mobility of the urban population, particularly among lower-income households.

*A significant increase in the budget was observed following the arrival of Sheinbaum to power, so that the budget assigned to branch 09 in 2025 almost triples that of 2019, when Lopez Obrador was in command.*

**TABLE 8. ACTIONS FOR BRANCH 09: INFRASTRUCTURE, COMMUNICATIONS AND TRANSPORTATION  
FOR FISCAL YEAR 2025**

TYPE OF ACTION	DESCRIPTION
ROAD INFRASTRUCTURE	Construction and modernization of the federal network, release of rights of way, pre-investment studies, seven service projects and one PPP (Public Private Partnership) project.
RURAL ROADS	Construction, modernization and conservation of rural roads and feeder highways with local labor to improve municipal connectivity.
ROAD MAINTENANCE	Periodic and routine conservation of the national highway network and bridges through ten PPP projects.
TRANSPORTATION AND ROAD SAFETY	Actions to reduce accidents through federal licenses, inspections, training and strengthening of medical units.
REGULATION OF MOTOR TRANSPORT	Vehicle verifications, inspections and medical examinations of federal and private motor transportation operators to guarantee safety.
RAILWAY INFRASTRUCTURE	Continuity to strategic railway projects, expansions, freight transportation and new passenger lines.

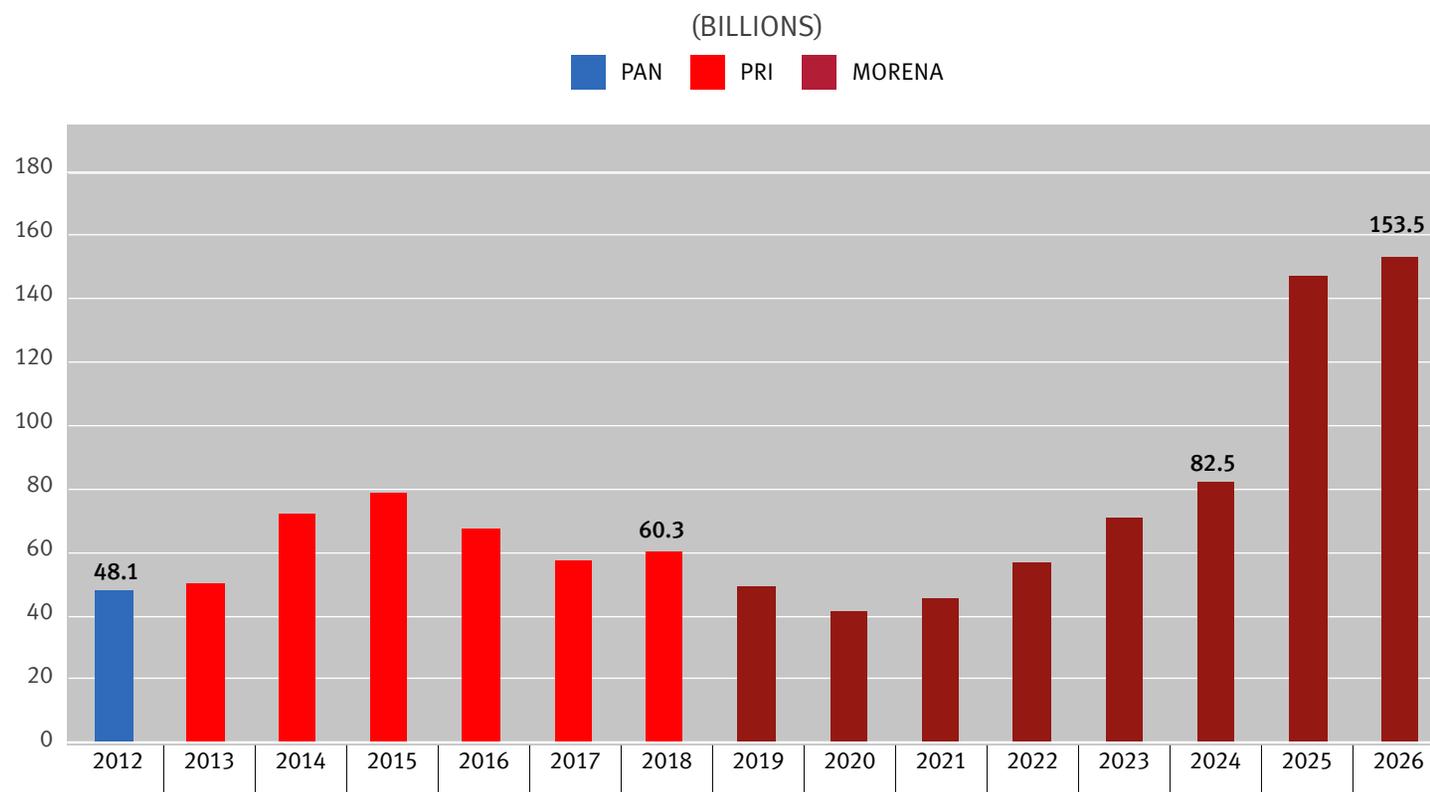
*Source:* In-house elaboration with data from SHCP 2025.

Urban mobility –i.e., the mobility that enables daily access to employment, education, health care and other basic services– continues to face structural problems of coverage, quality, affordability and modal integration. In this sense, higher budget allocations have not necessarily translated into substantive improvements in local public transport systems,

whose management largely falls to municipal and metropolitan governments with uneven financial and technical capacities. This disconnect between federal investment in large-scale infrastructure projects and everyday mobility needs constrains the potential of public spending to directly reduce inequalities and strengthen social mobility. Thus, more than the size

*As long as transport policy prioritizes region-wide projects over comprehensive interventions in urban mobility, transport will continue to reproduce social and territorial gaps.*

GRAPH 9. BUDGET ALLOCATED TO BRANCH 09: INFRASTRUCTURE, COMMUNICATIONS AND TRANSPORTATION



*These projects are strategic for territorial integration and economic activity, although they have a limited impact on the day-to-day mobility of the urban population, particularly among lower-income households.*

Note: Constant prices 2025.

Source: In-house elaboration with data from the PEF (2003–2026).

of the budget, it is essential to analyze its orientation and its capacity to address the daily trips that structure urban life. As long as transport policy continues to prioritize region-wide projects over comprehensive interventions in urban mobility, transport will continue to function as a factor that reproduces—rather

than corrects—existing social and territorial gaps.

#### 2.4.2 WATER

As with transport, access to water in Mexico is shaped by deep socio-spatial inequalities that limit the effective exercise of rights and condition peo-

ple's life opportunities. This is not solely a matter of the resource's physical availability, but also of historical decisions regarding management, allocation and financing that have privileged certain uses and territories over the population's basic needs. From this perspective, the water crisis is not only environmental, but also social and political and it constitutes a structural obstacle to social mobility.

At present, water use exhibits profound imbalances: while more than 76% of the concessioned volume is allocated to agricultural and livestock activities, less than 15% corresponds to urban public use (see Figure 10), which translates into everyday shortages for millions of households (Conagua, n.d.). This is due in large part to the nature of water consumption associated with each activity, but also to the economic and geographic inequality per se of the regions that make up Mexico.

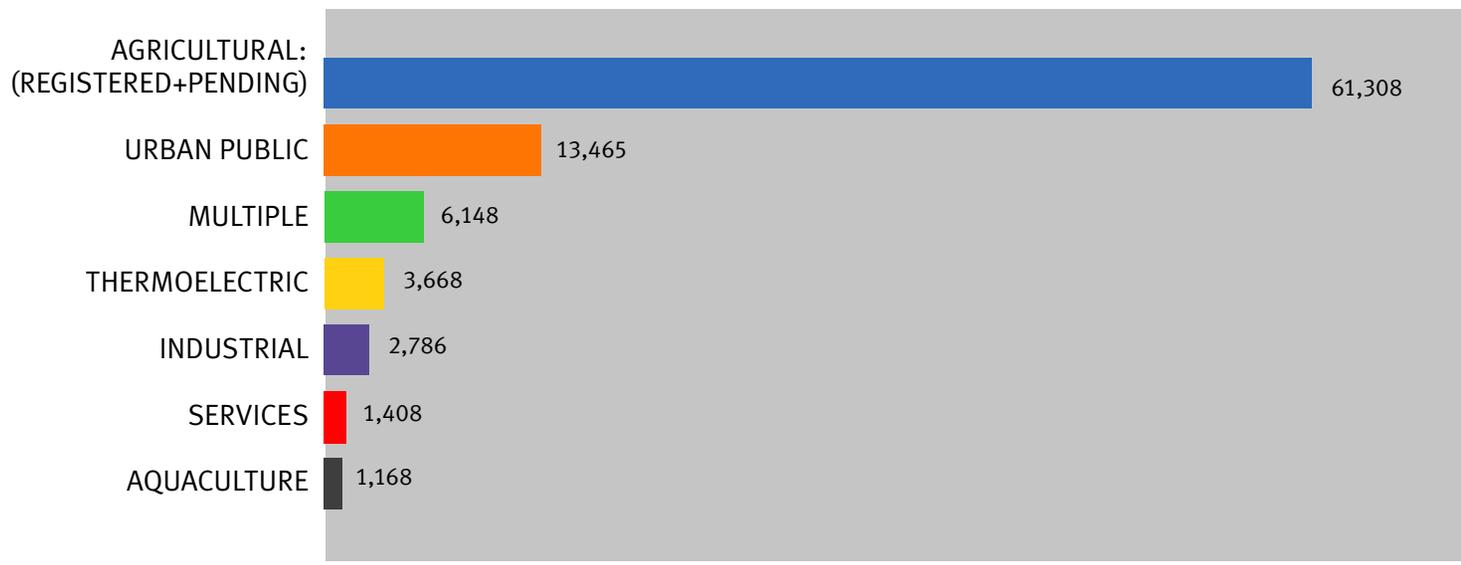
Although household water use represents one of the lowest shares of total water use—indeed, it has not even reached 2% annually over the past ten years—the problems affecting several regions of the country revolve around water. According to Semarnat (n.d.), average annual per capita availability fell from nearly 18 thousand cubic meters (17.74) in 1950 to only 3.66

thousand cubic meters in 2017. In this regard, as early as 2012 Mexico already had an annual per capita water availability of just 4.02 thousand cubic meters, a level that the World Resources Institute classifies as low availability (Semarnat, 2014). This figure is considerably lower than that recorded in countries such as Canada (84.6 thousand m<sup>3</sup>), Panama (42.5 thousand m<sup>3</sup>), or the United States (9.1 thousand m<sup>3</sup>). According to Semarnat (2014), when per capita water availability falls below 1.7 thousand m<sup>3</sup> per year, it is considered a situation of water stress.

Under this threshold and considering factors such as inadequate planning and prevention, limited investment in the sector, demographic growth and the effects of climate change, Mexico is only 1.9 thousand cubic meters away from reaching a critical scenario of water stress. Likewise, inadequate water management has resulted in scarcity, overexploitation, pollution and institutional weakening (Dominguez, 2020). Some experts, as well as civil society organizations, have explicitly expressed concern regarding this management. Coparmex, for example, argues that there is an urgent need to design effective management models, as well as to implement the relevant legislative and budgetary changes, “since what is at stake is social stability, economic development and,

*This is not solely a matter of the resource's physical availability, but also of historical decisions regarding management, allocation and financing that have privileged certain uses and territories over the population's basic needs.*

GRAPH 10. VOLUME OF WATER CONCESSION FOR CONSUMPTIVE USES (HM3)



Source: In-house elaboration with data from Conagua, s.f.

of course, the survival of animals, plants and ourselves, human beings” (Coparmex, 2024, para. 2).

Another of the main problems regarding the country’s water resources is the limited investment allocated to this area. As Dominguez (2020) notes, although significant resources are allocated, for several years they have been declining. Moreover, political discourse expresses concern for and protection of water resources, but in reality this remains merely good intentions. An example of the above is the

funding allocated year after year to Conagua, which since 2016 has not only failed to exceed 1.1% of the Federal Expenditure Budget (PEF), but has also declined steadily, reaching 0.49% in 2024 and 0.45% in 2026. It should be noted that Lopez Obrador’s federal government touted an investment of a little over 39 billion pesos for “projects to build and maintain Conagua’s hydraulic works” in 2024 (SHCP, 2024), yet it reduced funding from 2023 to 2024 by 8.5%, that is, it allocated 5,810 million pesos less for 2024

*As early as 2012 Mexico already had an annual per capita water availability of just 4.02 thousand cubic meters, a level that the World Resources Institute classifies as low availability (Semarnat, 2014).*

(see Figure 11).

Indeed, as early as September 2023, the Chair of the Water Resources, Drinking Water and Sanitation Committee emphasized the need not to reduce the funds allocated to the country's water sector: "there cannot be a declining budget in a country that grows by more than 1.3 million inhabitants a year, where 21 million Mexicans lack water" (Camara de Diputados, 2023, para. 4). Despite all the arguments framing water as a matter of national security, the budget has continued to decline.

In this regard, the apparent upturn recorded toward the end of Lopez Obrador's term (2023–2024) appears to have responded more to political and social pressures stemming from the deepening water crisis and recurring droughts across the national territory than to a structural shift in public policy. Indeed, for 2024 Conagua reported that 70.7% of the national territory experienced some degree of drought (El Economista, 2024).

In addition to the above, the discharge of untreated industrial waste, wastewater releases, the intensive use of pesticides and fertilizers, as well as deforestation and soil erosion, increase the pollution of rivers,



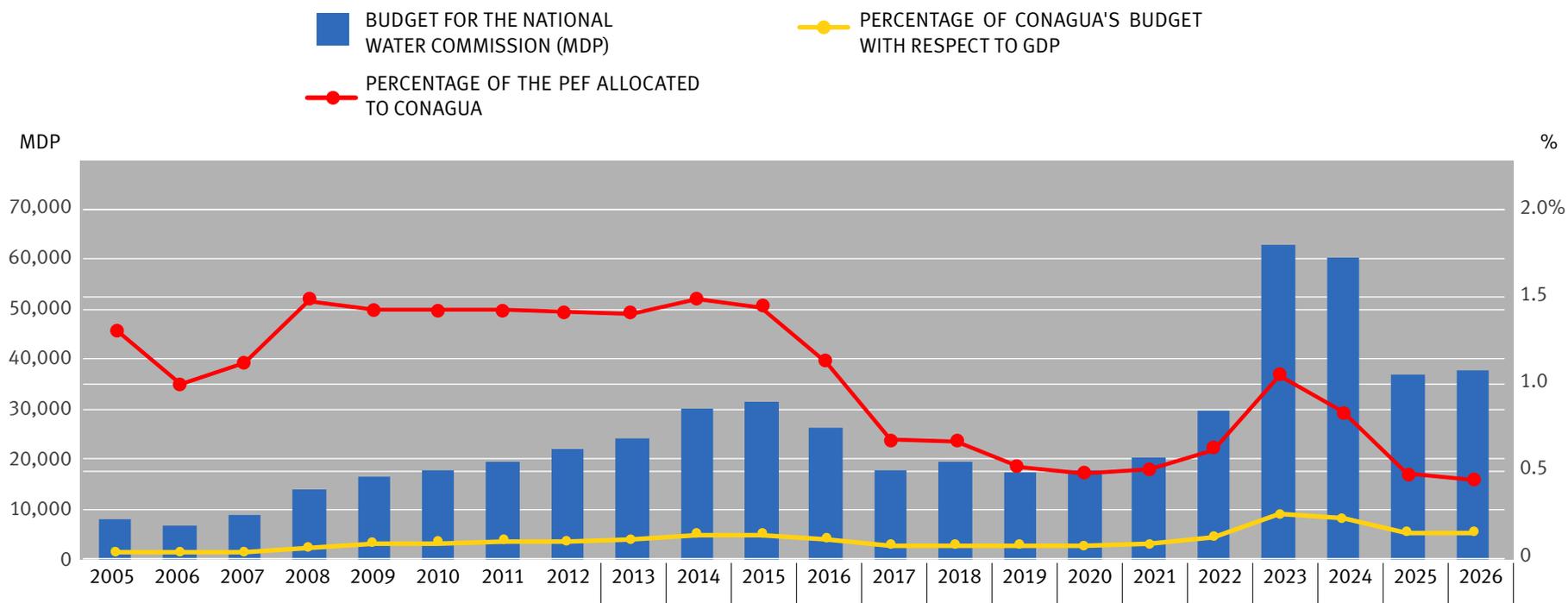
Imagen: "Mexico en riesgo hidrico: UNESCO alerta escasez de agua 2030" en <https://infopoder.com/mx/mexico/mexico-en-riesgo-hidrico-unesco-alerta-escasez-de-agua-2030/>

lakes and aquifers. The aggregate effect is direct: less usable water per person and greater pressure on per capita availability. In this context, the sanitation backlog is critical: only 52.7% of municipal wastewater is treated and, in the case of other discharges—such as those from self-supplied industry—treatment reaches barely 32% (FCEA, n.d.).

The cost of this omission is quantifiable. According to the FCEA, in 2015 the economic impact associated with pollution from untreated wastewater amounted to 57,403 million pesos, equivalent to 0.3% of GDP

*Considering factors such as poor planning and prevention, limited investment in the sector, population growth and the effects of climate change, Mexico is only 1.9 thousand cubic meters away from reaching a critical scenario of water stress.*

GRAPH 9. CONAGUA'S BUDGET AND ITS PROPORTION WITH RESPECT TO THE PEF AND GDP, 2005–2026



Note: Constant prices, 2025.

Source: In-house elaboration with data from Ministry of Finance and Public Credit (2003–2026).

and almost 7 billion pesos above the budget allocated to Conagua that same year (FCEA, n.d.). In response, the fund itself underscores the need to invest in the “necessary infrastructure to increase wastewater treatment capacity” (FCEA, n.d., para. 15), precisely because pressure on water resources will grow with population and urban expansion. However, despite

the efforts of civil society and citizens to bring visibility to the problem, the public response remains insufficient and, in many cases, reactive.

With Claudia Sheinbaum’s arrival to the presidency, the budget maintained its downward trend, allocating the smallest share of budgetary resources to Conagua in 2026, representing 0.45% of the PEF

*In 2024 Conagua reported that 70.7% of the national territory experienced some degree of droughts (El Economista, 2024).*

and approximately 0.2% of 2024 GDP, which reveals a contradiction with Sheinbaum's campaign and early-government discourse, in which she prioritized issues such as the water transition, environmental justice and climate resilience.

This is compounded by the reform to the National Waters Law, published on December 11, 2025, which expands Conagua's powers by entrusting it with conducting the technical analyses necessary for implementation. However, this expansion of responsibilities contrasts clearly with the insufficiency of the budget allocated to the institution, which not only calls into question the operational feasibility of the reform, but also reveals a profound inconsistency between the normative scope of water policy and the resources actually devoted to its execution.

While an increase or decrease in the budget does not directly indicate an improvement in water resources, such a low allocation of resources to a human right as fundamental as water evidences the low political priority assigned to the water sector at the federal level. According to the Water Network of the National Autonomous University of Mexico (UNAM), given the water crises, Mexico should invest between 1.5% and 2% of GDP in this sector (El Economista, 2024); how-



Image: "These are the 10 largest dams in Mexico, according to Conagua" Photo: Fernando Ramirez at <https://elceo.com/economia/estas-son-las-10-presas-mas-grandes-de-mexico-de-acuerdo-con-conagua/>

*Sheinbaum allocated the smallest share of budgetary resources to Conagua in 2026, (0.45% of the PEF and approximately 0.2% of 2024 GDP), which reveals a contradiction with her campaign and early-government discourse, in which she prioritized issues such as the water transition, environmental justice and climate resilience.*

ever, during the last six-year term, resources allocated to Conagua did not exceed 0.2% of GDP.

Finally, inadequate administration of the already limited financial resources devoted to water management amounts to an inefficient use of public spending, without substantive results. In this sense, it is indispensable that water policy prioritize not only the efficient allocation of resources, but also comprehensive approaches that go beyond merely technical solutions and consider their social implications (Dominguez, 2020).

Precarious access to drinking water is not solely an environmental or infrastructure problem, but a structural factor that deepens social inequalities and constrains social mobility. Households that lack continuous, high-quality access to water face higher economic, health and time costs, which restrict their educational, labor and productive opportunities. In fact, there is evidence suggesting that investments in projects related to the provision of drinking water and sanitation yield statistically significant results that confirm their effectiveness in reducing poverty. For every peso invested in projects that prioritize drinking water supply and the adequate handling of waste (drainage), poverty levels can be reduced by a propor-

*Households that lack continuous, high-quality access to water face higher economic, health and time costs, which restrict their educational, labor and productive opportunities.*



*Image: Drought in the valley of Mexico at <https://politica.expansion.mx/cdmx/2022/04/14/se-qua-en-valle-de-mexico-calor-y-falta-de-agua-impactan-a-la-cdmx-y-edomex>*

tion of up to 0.062 (Vazquez, 2025). This reveals that such investments generate a direct and tangible impact on communities' quality of life, improving –first and foremost– access to essential basic services.

Various studies show that investment in drinking-water infrastructure not only has a positive impact on people's health and well-being, but also promotes the economic and social development of communities. In that sense, lack of water has a significant economic impact: a first source of impact is determined by climatic conditions (with a significant and direct first-order impact on agriculture), commonly called “green water” drought. A second source of impact derives from decisions made regarding storage, interconnection, governance and water production capacity, which directly affects all sectors of the economy– “blue water” drought (Freire, Decker, & Hall, 2017).

Although droughts are classified as a natural hazard, they have various characteristics that distinguish them economically from other natural hazards, which is why investments in hydraulic capital are indispensable to guarantee a resilient system. However, Mexico has a spending deficit (a negative value of –0.24%) to achieve Sustainable Development Goals 6.1 and

6.2<sup>29</sup> (Hoo *et al.*, 2024). This deficit arises when annual spending needs exceed actual annual spending, making access to drinking water, efficient water use and universal coverage unattainable. Increasing investment, promoting innovation in the sector and improving intersectoral cooperation are difficult tasks to accomplish.

In this regard, persistent underinvestment in the water sector during the recent period, including the start of Sheinbaum's administration, reproduces conditions that hinder equality of opportunity and reinforce trajectories of intergenerational disadvantage. Guaranteeing the human right to water, therefore, is not only a state obligation, but an indispensable condition for advancing toward a more just society, with higher levels of well-being and social mobility.

### 2.4.3 HOUSING

To these constraints is added the housing problem,

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<sup>29</sup> SDG 6.1: By 2030, achieve universal and equitable access to safe drinking water at an affordable price for all. SDG 6.2: By 2030, achieve access to adequate and equitable sanitation and hygiene services for all and end open defecation, paying special attention to the needs of women and girls and people in vulnerable situations (UN, n.d.)

*Mexico has a spending deficit (a negative value of –0.24%) to achieve Sustainable Development Goals: making access to drinking water, efficient water use and universal coverage unattainable.*

a central component of social mobility. Access to adequate, well-located housing with basic services not only affects material living conditions, but also determines effective access to urban opportunities such as employment, education, transport and health services. In Mexico, housing policy has historically privileged quantitative expansion over quality, location and urban integration, giving rise to peripheral housing developments that are poorly connected and exhibit significant infrastructure deficits.

Based on information from the University Program for Urban Studies, the increase in unoccupied housing nationwide is a consequence of the failure of housing policy and amounts to more than 6 million units, generating zones of urban degradation such as vandalism, stripping of materials, drug use, etc. (PUEC-UNAM, 2023). This phenomenon responds primarily to the lack of urban planning and to the progressive commodification of housing, which has displaced its treatment as a human right within public policy.

By contrast, at the outset of Sheinbaum's administration, although the discourse of guaranteeing the right to housing and promoting more orderly urban development has been sustained, no substantive changes are evident in the dominant housing model.

Through the federal program Housing for Well-Being (*Vivienda para el Bienestar*), her government proposes building 1.8 million housing units, mainly aimed at the non-entitled population; however, neither the areas planned for construction nor the surrounding urban conditions and accessibility associated with these projects have been made public. Therefore, in the absence of a clear definition and appropriate targeting of public policy, there is a risk of reproducing past mistakes and increasing the already high number of unoccupied dwellings in the country.

It should be noted that the persistence of housing schemes far from urban centers reinforces dependence on transport (which is already deplorable in most cities), increases mobility and time costs for lower-income households and limits their access to formal and better-paid employment. In this sense, poorly located housing acts as a mechanism for reproducing inequality, by anchoring families to territories with fewer opportunities.

Likewise, the close relationship between housing and access to basic services, such as water, deepens these gaps. Households located in irregular settlements or peri-urban areas often face greater difficulties accessing drinking water, sanitation and quality

*At the outset of Sheinbaum's administration, although the discourse of guaranteeing the right to housing and promoting more orderly urban development has been sustained, no substantive changes are evident in the dominant housing model.*

public transport, which multiplies social disadvantages. Without a comprehensive policy that articulates housing, transport and urban services, isolated actions are insufficient to modify the structural conditions that constrain social mobility.

Taken together, the analysis of transport, water and housing during the recent period shows that social mobility in Mexico continues to be conditioned by public policy decisions that, far from reducing inequalities, tend to reproduce them. Moving toward greater equality of opportunity requires not only budget increases, but an integrated approach that recognizes these services as interdependent rights and as fundamental pillars of well-being and social mobility.

## 2.5 Health

The exercise of human rights is inherent to all per-

*Without a comprehensive policy that articulates housing, transport and urban services, isolated actions are insufficient to modify the structural conditions that constrain social mobility.*



Image: "Informal settlements, 60% without water" at <https://www.eluniversalhidalgo.com.mx/metropoli/asentamientos-irregulares-el-60-sin-agua-potable/>

sons and they must be guaranteed by the State without any distinction regarding individual characteristics. Nevertheless, in Mexico there are barriers that prevent the guarantee of universal rights and health is no exception. More than a year into the current president's government, the debt to the 44.5 million Mexicans without access to health services persists. This inequality of access affects people's opportunities. Being born, growing up and developing under an efficient health framework contributes to well-being, progress, productivity and growth.

The results observed thus far indicate that the new health policy has not been the most successful. Governance missteps in health have undermined the quality of life of millions of people; free, high-quality access is not a reality; and accumulated backlogs generate latent risks such as: higher risk of death (reflected in declines in life expectancy); increases in social inequality that disproportionately affect the poorest; greater risk of catastrophic expenditures; and impoverishing outcomes stemming from declining levels of social protection in health, as well as greater national vulnerability to future pandemics.

In this section, we analyze the effects of the latest health reforms, comparing them with the results of

previous ones, the system's coverage, as well as the impact of IMSS-Bienestar and the capacities of the Health System, including latent risks such as an increase in measles cases. Building a universal health system has proven to be more of a dream that not only fails to cover the population in its entirety, but also does not guarantee the rights of those enrolled.

### **2.5.1 NEW HEALTH POLICY: TOWARD CENTRALIZATION**

In Mexico, the health system is an essential part of the State's responsibilities. Historically, modifications have been implemented in its structure with the aim of making its operation more efficient and thereby contributing to equity and social justice, but not always successfully. Having access to health is a social right necessary to promote well-being. In recent years, the lack of access to health services in Mexico has persisted and even increased, reflecting, on the one hand, a regression in access to this right and, on the other, the limited effectiveness of health governance implemented in recent years.

One of the most dramatic legacies of the Fourth Transformation (4T) government is in health. 2022 was the year in which the largest number of people lacked access to these services, a condition affect-

ing 50.4 million Mexicans (39.1%). Currently, in 2024 (latest available data), this condition affected 34.2% of the population—double what was reported in 2018 (16.2%). This means that the population without access to health services increased by 121% from 2018 to 2024 (INEGI, 2025g). Decisions taken to “put the poor first” have left a profound debt. The regression shown by the failure to replace Seguro Popular with Insabi in 2020 and its subsequent transfer to the Decentralized Public Body Health Services of the Mexican Social Security Institute for Well-Being (IMSS-Bienestar) in August 2023, have demonstrated an inability to respond to the population without social security.

Whereas Seguro Popular was a financial instrument that contracted services from public and private institutions to serve its affiliated population, IMSS-Bienestar is an institution with its own assets and human resources, similar to what occurs in social security institutions. To achieve this, the federal government requested that states voluntarily transfer their infrastructure and workforce to this new decentralized public body. Today, only 24 states have joined this controversial decision<sup>30</sup> (DOF, 2025). This action con-

<sup>30</sup>The states not “federalized” to IMSS-Bienestar are: Aguascalientes, Coahuila, Chihuahua, Durango, Guanajuato, Ja-

stitutes an encroachment on states’ powers to safeguard their populations’ health, representing a first act of recentralization.

A second action occurred simultaneously without media impact. In the document describing the Health Care Model for Well-Being (MAS-Bienestar) (DOF, 2022), in addition to the strategy of transferring state health services to IMSS-Bienestar, the creation of the National Public Health Service (SNSP) is proposed. MAS-Bienestar indicates that the operational arm of the Ministry of Health is the SNSP and that it is composed of officials deployed throughout the national territory, organized to implement and execute essential functions in the field, including evaluation, policy development, resource allocation and oversight of access to comprehensive, high-quality health services (DOF, 2022).

In practice, this means that the National Public Health Service (SNSP) will act as a representative of the federal Ministry of Health in the states, assuming a central role in the federative entities and appropriating the steering function of local systems. This is explicitly detailed in the document, in the section “Strate-

lisco, Nuevo Leon, Queretaro and Yucatan (DOF, 2025). In 2026, Yucatan joins the IMSS Bienestar scheme, which leaves 8 states not adhering to IMSS-Wellbeing.

*The population without access to health services increased by 121% from 2018 to 2024 (INEGI, 2025g).*

*The regression shown by the failure to replace Seguro Popular with Insabi in 2020 and its subsequent transfer to (IMSS-Bienestar) in August 2023, have demonstrated an inability to respond to the population without social security.*

gic and Operational Organization of the SNSP,” which stipulates that:

*this structure will allow public health decisions to be implemented transversally and prioritization to be exercised in a coordinated and direct manner from the Federation to the territory of application or impact (DOF, 2022).*

Thus, the purpose of centralizing health services is a reality. With the SNSP, a strengthening and coordination with state Ministries of Health is proposed, which instead suggests their relegation. Likewise, there are ambiguities regarding the distribution of state functions by establishing “federal stewardship and a functional orientation of the states,” leaving the role of the federative entities vague –despite its crucial importance for an effective governance model (Estrada, 2025).

Rather than presuming whether this has been a good or bad decision, we adhere to results and evidence. Table 9 summarizes the process of decentralization and centralization of health models in Mexico and describes what implementation consisted of, as well as some outcomes that we will examine in greater depth later. We note that the Seguro Popular (SP) model managed to cover up to 284 medical interven-

tions<sup>31</sup>, benefiting 43% of the population. By contrast, Insabi only managed to cover 28% of the target population<sup>32</sup>. Two effects are also observed: on the one hand, 25 states reported high or medium performance under SP in terms of effective health policies. Currently, the 8 states that have decided not to join the IMSS-Bienestar model have reported better health indicators (Table 9).

Despite the fact that the World Health Organization (WHO, 2014) and the Organization for Economic Co-operation and Development (OECD, 2015) suggest that stewardship of health systems should rest with a country’s ministry or Secretariat of Health, the centralization of health care in Mexico through the SNSP has instead tended to sideline that Secretariat from its functions.

At present, the MAS-Bienestar model faces significant challenges, including how medical services are operated, their linkage with public health services,

<sup>31</sup>Seguro Popular began operations in 2004, achieving important advances in the performance of the health system, especially in the expansion of financing for 284 basic health interventions and 66 catastrophic conditions until 2018. This public health insurance scheme worked through voluntary affiliation aimed at people who did not have social security.

<sup>32</sup>The Government of Mexico rejected the Seguro Popular reform on November 14, 2019. On January 20, 2020, Insabi came into operation with the promise of free medical care.

*The National Public Health Service (SNSP) will act as a representative of the federal Ministry of Health in the states, assuming a central role in the federative entities and appropriating the steering function of local systems.*

*The purpose of centralizing health services is a reality.*

TABLE 9. DESCRIPTION OF THE HEALTH MODELS IMPLEMENTED IN MEXICO

MODEL	YEAR	PROGRAM	DESCRIPTION	RESULTS
DECENTRALIZED	2004	SEGURO POPULAR	At the end of the 1970s, a second generation of reforms was launched and in 1983 the Health Law modified the Constitution and established the right of every person to health protection (article 4, DOF, 1983). This is how state health systems were created, providing care through a program based on the primary care model (health promotion and protection). The decentralization process began in 1983 with the recognition of the right to health in the Constitution and the subsequent creation of the financial protection system known as Seguro Popular in 2003, these being the first steps to strengthen the system and the recognition of health as a human right.	"The Catalog of Health Services (Causes) included a total of 284 medical interventions until 2019. An index of effective health policies showed that at least 11 states had high health performance, 14 average and only 7 low. This qualified aspects such as the development of health policies and programs, complying with health laws and regulations, guaranteeing the provision and sufficiency of resources and evaluating the effectiveness of health services (Flamand and Moreno, 2014)."
CENTRALIZED	2019	INSABI	"The Government of Mexico rejected the Seguro Popular reform on November 14, 2019. INSABI was implemented in its place with the promise of free medical care. INSABI's main responsibility of providing free and universal coverage failed and its functions were transferred to IMSS-Bienestar. There was no clarity regarding the legal responsibility of INSABI in covering specialized care at the tertiary level."	"Access to Insabi health services reached only 28% of the population in 2020, while with the SP it reached 43% in 2018. In 2018, 87.2% of the population still had affiliation (109.7 million people), this number dropped to 72.9% in 2020 (92.4 million people) Between 2018 and 2020, excessive spending on health almost doubled (from 2.4% to 4.4%), a figure not reported since 2004."
	2023	IMSS-BIENESTAR	Insabi disappears and its functions are integrated into the IMSS-Wellbeing body.	The entities that rejected Insabi and IMSS-Bienestar (Aguascalientes, Chihuahua, Guanajuato, Querétaro, Durango, Coahuila, Jalisco and Nuevo León) surpassed the aligned states in 9 of 15 indicators.

Source: In-house elaboration with information from Flamand & Moreno (2014), Signos Vitales (2024) and Rodriguez (2025).

understanding the needs of the population it serves and addressing the social determinants of health (Borja, 2024). Moreover, IMSS-Bienestar has accumulated outstanding debts to pharmaceutical companies since 2023<sup>33</sup>, due to administrative and operational failures that have prevented timely payment to suppliers. Such is the case of the debt inherited from the previous government and that accumulated under this administration, which together amount to an outstanding balance of 2,500 million pesos owed to laboratories affiliated with the Mexican Association of Pharmaceutical Laboratories (Amelaf); this exceeds 2,500 billion pesos (Santiago, 2025). This is a critical issue for ensuring that the tender planned to procure 3,831 item codes in 2027–2028 is successful, which puts the supply of medicines at risk.

Mexico's health system has undergone periods of transformation and faced many challenges. The implementation of new care models, the reorganization

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<sup>33</sup>The president of the Mexican Association of Institutional Health Distribution (Asmendis) indicated that this is a critical issue and that it is unsustainable for supplier companies to continue financing a system that does not pay them. It is even added that the debt covers the supply for 2023, 2024 and 2025 and that the Government does not even know how much it owes. On January 2, payments to the industry agreed with the Secretariat of Anti-Corruption and Good Government, which were not made (Santiago, 2026).

of institutions and the accumulated post-pandemic challenges, as well as the persistence of lack of access to health services, have reflected social inequities. The reality is that, although every person has a constitutional right to health protection, effective access to this right varies according to employment status and the current structure of Mexico's health system does not solve the problem.

### 2.5.2 ACTUAL SYSTEM COVERAGE AND IMSS-BIENESTAR

What has all this change in health care meant for people's access to services? Since 2022, IMSS-Bienestar's objective has been to provide universal coverage of free health services to families without social security—that is, approximately 62.7 million people in 2024 (latest available data), including those with the lowest incomes.

On the other hand, in 2024 the number of people lacking access to health services reached 44.5 million (24.4 million more than in 2018) (INEGI, 2025). Although there is currently little information on actual coverage, we have found data that provide an indication of coverage under the last three health models implemented in Mexico. Table 10 describes affiliation

*IMSS-Bienestar has accumulated outstanding debts to pharmaceutical companies since 2023, due to administrative and operational failures that have prevented timely payment to suppliers. Such is the case of the debt inherited from the previous government and that accumulated under this administration, which together amount to an outstanding balance of 2,500 million pesos owed to laboratories.*

levels for the three health models analyzed.

Official information sources indicate that care for the population without social security increased from 12.3 to 53.2 million under IMSS-Bienestar (Government of Mexico, 2024). However, the 2025 roster of the population enrolled in the IMSS-Bienestar program shows that in 2025 only 10.7 million people were served (Government of Mexico, 2025)<sup>34</sup>.

An additional challenge of the latest health reform is the trend observed over the past two decades of low utilization of public health services—especially at the primary care level and among the population without social security—and the greater use of private clinics (including Pharmacy-Adjacent Clinics, CAF and home-adjacent clinics, CAV), which has been widely reported by people both with and without entitlements (Colchero *et al.*, 2020; Shamah *et al.*, 2022; and Bautista *et al.*, 2023).

In that regard, it has been documented that 51.2% of people who had a need for care used the public sector, while 48.8% sought care in the private sector. Use of private services was higher among people without social security (60.5%). In addition, 87% of people in

<sup>34</sup>The figure is 10,777,036 people in the different states of the republic (Gobierno de Mexico, 2025).

*Official information sources indicate that care for the population without social security increased from 12.3 to 53.2 million under IMSS-Bienestar (Government of Mexico, 2024).*

**TABLE 10. AFFILIATION IN HEALTH MODELS**

PROGRAM	AFFILIATION
SEGURO POPULAR	"Coverage reached 43% of the population in Mexico in 2018 (prior to its disappearance). The lowest income deciles were mostly affiliated with popular insurance. In 2018, 72% of people with the lowest income level in Mexico (decile I) were affiliated with the SP, while 5% reported being affiliated with Social Security (public health insurance), a further 17% reported being affiliated with both schemes and only 7% were not affiliated".
INSABI	Access to Insabi health services reached only 28% of the population in 2020.
IMSS-BIENESTAR	The ENIGH (2024) reports that 3.5% of the population is served by the IMSS-Wellbeing at the national level.

*Source:* In-house elaboration with information from ENIGH (INEGI, 2025a), *Knaul et al.*, (2023) and Signos Vitales (2024).

urban areas sought care, whereas in rural areas this proportion was lower (82%). These data suggest that the poorest families continue to face greater barriers to accessing medical care (Bautista *et al.*, 2023).

An interesting comparative analysis indicates that in eight of the states that decided not to join the IMSS-Bienestar program, performance was better in: the public health budget; overall mortality; childhood vaccination; number of outpatient visits; number of specialist consultations; lack of access to health services; lack of access to social security; and out-of-pocket health spending (Rodriguez, 2025). When analyzing the public health budget, a marked disparity is observed between affiliated and non-affiliated states:

- » Non-affiliated states experienced an 11% increase in their budgets, rising from \$11,980 million in 2020 to \$13,337 million in 2025.
- » Affiliated states suffered a 36% cut, decreasing from \$92,735 million in 2020 to \$59,286 million in 2025.

Regarding vaccination, five of the eight states not participating in IMSS-Bienestar (63%) recorded a share of one-year-old children receiving a measles

dose above the national average (76.3%). By contrast, among the states that did join IMSS-Bienestar, only half (12 of 24 states, or 50%) achieved coverage above the average. Challenges persist and pressures accumulate in Mexico's public health system. According to the goals and indicators of the 2025–2030 Health Sector Program (DOF, 2025b), only one in two people (53.1%) who sought care for a health need were treated in a public health institution in 2024, while the target for 2030 is 60% (DOF, 2025b).

With respect to out-of-pocket health spending, the aim is to reduce by 30% the proportion of people who received care in the public sector and nevertheless



*Image:* "States that broke with the 4T are in better health" at <https://oem.com.mx/elsoldemexico/mexico/los-estados-que-rompieron-con-la-4t-gozan-de-mejor-salud-26523213>

*In eight of the states that decided not to join the IMSS-Bienestar program, performance was better in: the public health budget; overall mortality; childhood vaccination; number of outpatient visits; number of specialist consultations; lack of access to health services; lack of access to social security; and out-of-pocket health spending (Rodriguez, 2025).*

incurred out-of-pocket expenses. This is because, up to 2022, this affected nearly one in five people (17.84%) and the goal is to reduce it to 12%. Table 11 summarizes this and other challenges that directly affect the quality of life of public health system users.

Overall, the aim is to increase the health system's problem-solving capacity and the quality of medical care for the population and to guarantee universal access to public health. However, one of the main inconsistencies is that 2026 spending, on the one hand, maintains the budget gap, since less than 3% of GDP (2.5%)<sup>35</sup> is allocated when international recommendations suggest 6%; and, on the other hand, within the country the budget is distributed equally between the population with and without social security, which makes universal access to health care unattainable.

Resources for those without social security fall to their lowest level since 2010 (Mexico Evalua, 2025). While IMSS beneficiaries experience a 21.3% increase in spending in 2026 (relative to 2025), people without enrollment—served primarily by IMSS-Bienestar—would see an increase of 0.47%, which may be in-

<sup>35</sup> The federal health budget increased 5.9% compared to 2025, but there is stagnation per capita, compared to the GDP and the total budget (Mexico Evalua, 2025).

*Regarding vaccination, five of the eight states not participating in IMSS-Bienestar (63%) recorded a share of one-year-old children receiving a measles dose above the national average (76.3%).*



*Image: "Measles cases in Mexico rise to 3,730; Chihuahua accounts for 93% of cases" at <https://es.wired.com/articulos/contagios-de-sarampion-en-mexico-suben-a-3730-chihuahua-concentra-93-de-los-casos>*

**TABLE 11. OBJECTIVES AND CHALLENGES OF THE HEALTH SECTOR PLAN 1/2**

OBJECTIVE	CHALLENGE	LAST AVAILABLE DATA	GOAL 2030
GUARANTEE UNIVERSAL ACCESS TO HEALTH SERVICES FOR THE POPULATION	Low percentage of the population that sought care for a health need and was treated in a public health institution.	53.11% in 2024	60%
	High percentage of the population that received care in the public sector and had high out-of-pocket health expenses.	17.8% in 2022	12%
INCREASE THE RESOLUTION CAPACITY AND QUALITY OF MEDICAL CARE OF THE NATIONAL HEALTH SYSTEM FOR THE USER POPULATION	Probability of death between the ages of 30 and 70 from cardiovascular diseases, cancer, diabetes, or chronic respiratory diseases.	Probability of 14.3% in 2024	13.50%
	High incidence rate of Healthcare Associated Infections (HAI).	7.8% in 2024	5.10%
GUARANTEE THE TIMELY DELIVERY OF MEDICINES AND SUPPLIES FOR THE HEALTH OF THE ENTIRE POPULATION	Low percentage of complete filling of prescriptions, in the same place of care, for a population without social security who presented a health problem and was treated in the public sector.	61.5% in 2024	80%
	High percentage of households that received care in the public sector and had out-of-pocket expenses for prescribed medications	21.7% in 2022	10%
STRENGTHEN THE INTEGRATION AND MODERNIZATION OF THE NATIONAL HEALTH SYSTEM TO IMPROVE CARE FOR THE POPULATION	The New Health Care Services Exchange Model was approved in 2025 and will begin its implementation during the second half of the year, so that starting in 2026 the information necessary to obtain the indicator will be available.		Increase the participation of medical units in the exchange of health care services by institution and state from 5% to 25%

**TABLE 11. OBJECTIVES AND CHALLENGES OF THE HEALTH SECTOR PLAN 2/2**

OBJECTIVE	CHALLENGE	LAST AVAILABLE DATA	GOAL 2030
IMPROVE HEALTH PROMOTION AND DISEASE PREVENTION OF THE POPULATION	It is the low percentage of the one-year-old population that has the average basic vaccination schedule, in relation to the total number of one-year-old children.	66.8% in 2024	90%
	High percentage of the population with a Body Mass Index (BMI) that places them within the category of obesity.	15.7% in 2023	14.70%
	High percentage of the adolescent population between 12 and 19 years old with a Body Mass Index (BMI) that places them within the obesity category	16.7% in 2023	15.70%
	Percentage of population with obesity, 20 years and older.	38.9% in 2023	Slow the growth of obesity prevalence by 2030 to just 40.16 per 100 adults aged 20 years and older.
REDUCE HEALTH AND CARE GAPS FOR PRIORITY AND VULNERABLE POPULATIONS	Persistence of maternal mortality. Maternal mortality is defined as the death of a woman during pregnancy, childbirth or within 42 days after termination of pregnancy, due to causes related to or aggravated by pregnancy or its management, excluding accidental or incidental causes.	34.1% en 2024	30%
REDUCE HEALTH AND CARE GAPS FOR PRIORITY AND VULNERABLE POPULATIONS	Persistence of the mortality rate of girls and boys under 5 years of age. It is the number of deaths of girls and boys under 5 years of age per thousand live births, in the reference year.	16.06% en 2023	13.50%

Source: In-house elaboration with information from DOF (2025b)..

sufficient to guarantee access to health services. In terms of per capita spending, expenditure per person affiliated with IMSS (ordinary regime) increased by 17.2% in real terms, from \$8,596 in 2025 to \$10,074 in 2026. By contrast, the non-affiliated population would move from \$4,609 to \$4,412, a 4.3% decline in real terms (CIEP, 2025).

To make matters worse, safeguarding the poorest implies preventing families from incurring high health expenditures—i.e., impoverishing spending—since this is a factor that helps keep poverty at its current levels by increasing household spending on items such as health care. CIEP (2025) indicates that high out-of-pocket health spending is associated with lower use of the public health system and, indirectly, with lower state investment in this area.

Internationally, it is recommended that out-of-pocket spending be reduced to prevent households from falling into what is known as catastrophic or impoverishing expenditure (World Bank, n.d.). In this regard, in 2024 Mexican families spent 7.9% more out of pocket (in real terms) than in 2022, rising from \$5,948 in 2022 to \$6,421 pesos in 2024. However, among lower-income households (Deciles I to V), this increase ranged between 17% and 23%, unlike higher-income

households (Decile X), which saw a 1.8% increase relative to 2022.

Moreover, within the model focused on the population without social security, known as IMSS-Bienestar, public spending per person decreased relative to 2018. In 2026 it will be only \$4,412 pesos per person enrolled in IMSS-Bienestar, whereas the schemes that provide services to people with access to social security allocate \$10,074 pesos per person in the case of IMSS (ordinary regime) and \$11,385 in the case of ISSSTE (CIEP, n.d.).

With the new IMSS-Bienestar model, the distribution of responsibilities for health care is reversed by returning them to the Federal Government. This grants the federation control over the administration of health services by the states and complicates coordination to meet the population's health needs. These outcomes will be directly reflected in the lives of millions of Mexicans, as we face a complex outlook regarding the health system's capacity, which we analyze in the next section.

### **2.5.3 RESOURCES, AVOIDABLE MORTALITY, VACCINATION AND HEALTH RISKS**

Mexico has more than 129 million people and understanding the health status of all of them is critical. Public health in Mexico faces challenges such as service coverage and quality, budgetary constraints and/or infrastructure gaps. Political, social and economic changes shape health outcomes and equity in access to health care (PAHO, n.d.1), which is why essential public health<sup>36</sup> functions exist to address system response capacity needs.

The health status in our country reveals that, in at least three indicators, we are in a worse situation than the OECD average (OECD, 2025), for example:

- » Colombia and Mexico have the highest avoidable mortality rate (from preventable and treatable causes). This claimed the lives of 418 people per 100,000 in Mexico (Colombia 419). The OECD average was 222 and in Switzerland there were only 114 deaths per 100,000.
- » We have the lowest life expectancy among OECD countries (75.5 years). This figure shows that we

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<sup>36</sup>Such functions are part of a Framework for integrated public health policies, including: Monitoring and evaluation of health and well-being; risk control and management; promotion of health research and knowledge; development of human resources in health (among others) (PAHO, n.a.1).

remain below pre-pandemic levels. The OECD average reaches 81.1 years of life and in Switzerland it is even higher (84.3).

- » Mexico ranks third in high diabetes prevalence, with 14.3% of the population living with diabetes, only behind Costa Rica and Türkiye (23.2% and 16.6%, respectively). The OECD average was 8.6% (OECD, 2025).
- » Obesity is a risk factor for many chronic diseases and Mexico ranks first, with an average of 36% of the population living with obesity. Other countries with high shares are the United States (34.5%) and New Zealand (33.8%).

In Mexico, by 2025 the gaps in the health system persist when compared with figures worldwide (OECD, 2025). Ensuring equitable access is essential for high-performing health systems and more inclusive societies. Population coverage on the one hand and satisfaction with the availability of quality medical care on the other, offer an initial assessment of access to care.

Indicators such as the share of health spending provide a view of financial protection and data on people with unmet medical needs offer a measure of effective service coverage. In this regard, we know that:

*Mexico ranks first, with an average of 36% of the population living with obesity; the third in high diabetes prevalence, with 14.3% of the population; the lowest life expectancy among OECD countries: 75.5 vs 81.1 years of life.*

- » Most OECD countries have achieved universal coverage (98%). However, in Mexico coverage was the lowest among the set of countries (78%).
- » Effective coverage: On average, OECD countries report that 64% of people were satisfied with the availability of health services where they live. For Mexico, this figure was 56%.
- » The degree of cost-sharing applied to health services affects access to care. In OECD countries, 75% of all health care costs were covered by government health insurance schemes. Unfortunately, for Mexico there are no updated data available that allow us to gauge the problem in 2025. However, a previous OECD analysis (2023) indicates that in our country only 50% of total health spending was covered by the government-mandated scheme.

High-quality care requires that health services be safe, appropriate and clinically effective in responding to patients' needs. In that sense, antibiotic prescribing and avoidable hospital admissions are examples of indicators that measure the safety and appropriateness of primary care. Early detection of breast cancer is an indicator of preventive care quality; 30-day mortality after an acute myocardial infarction (AMI) and stroke measures the clinical effective-

ness of secondary care (OECD, 2025).

- » Primary care effectiveness: Hospital admissions for chronic diseases (asthma, heart failure, diabetes, etc.) can indicate quality problems in primary care, since these conditions should be managed at that level and hospital admission suggests low effectiveness. In that sense, Mexico has a relatively low rate (301 admissions per 100,000 people) compared to the OECD average (473).
- » Preventive care effectiveness: Breast cancer is the cancer with the highest incidence among women in all OECD countries and the second most common cause of cancer death among women. The highest screening rates were recorded in countries such as Denmark, Sweden and Finland (83.3%, 83% and 81.5% among women aged 50 to 69, respectively), while the lowest were in Mexico and Costa Rica (20.2% and 21.7%).
- » Secondary care effectiveness: Regarding the quality of acute care, 30-day mortality after an acute myocardial infarction (AMI) or stroke are two established variables to assess it. Considering both indicators together, Mexico had by far the highest 30-day mortality rates after an AMI and after a stroke, at 22.6 and 17 per 100,000 people, respectively, while Iceland (2.5 and 8.9), Norway (2.6 and 4.0),

### *OECD health coverage indicators:*

*Universal coverage in Mexico was the lowest of 78% vs 98% among the set of countries.*

*Effective coverage or availability of health services in Mexico was of 56% vs 64%.*

*75% of health care costs were covered by government health insurance schemes. A previous OECD analysis (2023) indicates that in our country only 50% of health spending was covered by the government.*

the Netherlands (2.9 and 5.1) and Australia (3.3 and 4.1) had the lowest rates on both indicators.

To complete the health panorama, we analyze the adequacy of health resources. Having sufficient health resources is fundamental for a resilient health system. However, more resources do not automatically translate into better health outcomes, so effectiveness and the distribution of spending are also important. At Signos Vitales we have monitored health balances (Signos Vitales, 2023). Per capita health spending summarizes overall resource availability. The number of practicing physicians and nurses provides further information on the supply of health workers. The number of hospital beds is an indicator of acute care capacity (OECD, 2025).

- » Per capita spending: The United States spent considerably more than any other country (\$14,885 per person) in 2024. Mexico recorded much lower spending, at \$1,599 per person, even below the OECD average (\$5,967).
- » Resource utilization: The number of physicians in Mexico was 2.7 per 1,000 people. The OECD average was 3.9. In the case of nurses, Mexico has 3 nurses per 1,000 people and the OECD average was 9.2.

» Hospital beds are also below the OECD average: the average across countries is 4.2 beds per 1,000 people, whereas in Mexico the ratio is much lower (1 bed per 1,000 people) (OECD, 2025).

To end, and no less important, the trend toward the use of digital health is understood as a measure of analytical, data and technological capacity to generate beneficial health outcomes both individually and collectively. This implies consideration of at least four dimensions of digital health readiness (analytical readiness, data readiness, technology readiness and human factor readiness). Across all indicators, nearly 95% of OECD countries are among the leaders in at least one category. Currently, 35 countries have some strategy related to digital health, while Mexico and Türkiye do not; this may hinder the prevention of severe harms, including catastrophes such as pandemics, thereby increasing households' health-related costs.

From this perspective, we can see that more than one year into Sheinbaum's administration, the inherited challenges of the health system have not been resolved. This is the result of the different reforms implemented in the health sector discussed above, which continue to reflect the sector's limited

*For OCDE per capita health spending summarizes overall resource availability: number of physicians and nurses; supply; number of hospital beds; general availability of resources. Mexico registered:*

- » *Much lower spending of \$1,599 per person, even below the OECD average (\$5,967)*
- » *Number of physicians in Mexico are 2.7 per 1,000 people vs 3.9*
- » *One hospital bed per 1,000 people vs 4.2 in OCDE countries (2025a).*

response capacity. Although this is the product of previous years, coverage, allocated resources and insufficiencies in care show that gaps have deepened: today, Mexicans have less access both in coverage and in quality and a limited response capacity.

#### 2.5.4 VACCINATION

The set of public policies within the country reflects the health system's capacities. Part of the unrecognized rights are associated with the reversal of health advances in Mexico. Deterioration reaches health institutions and has severe impacts on population health. Such is the case with the deterioration of universal vaccination. A decades-long rollback in infection control is more evident than ever. In 1996 the interruption of endemic measles transmission was announced and of rubella in 2008. After a lengthy verification process, the Region of the Americas was declared free of rubella in 2015 and measles in 2016 (Roman *et al.*, 2019). This was due to the effectiveness of the Universal Vaccination Program created in 1991 (Valdespino and Garcia, 2004). Immunization results benefited 97% of the population in 2002 (Frenk, 2002).

According to Ensanut data, in 2012 75% of the population had coverage of the MMR triple viral vaccine

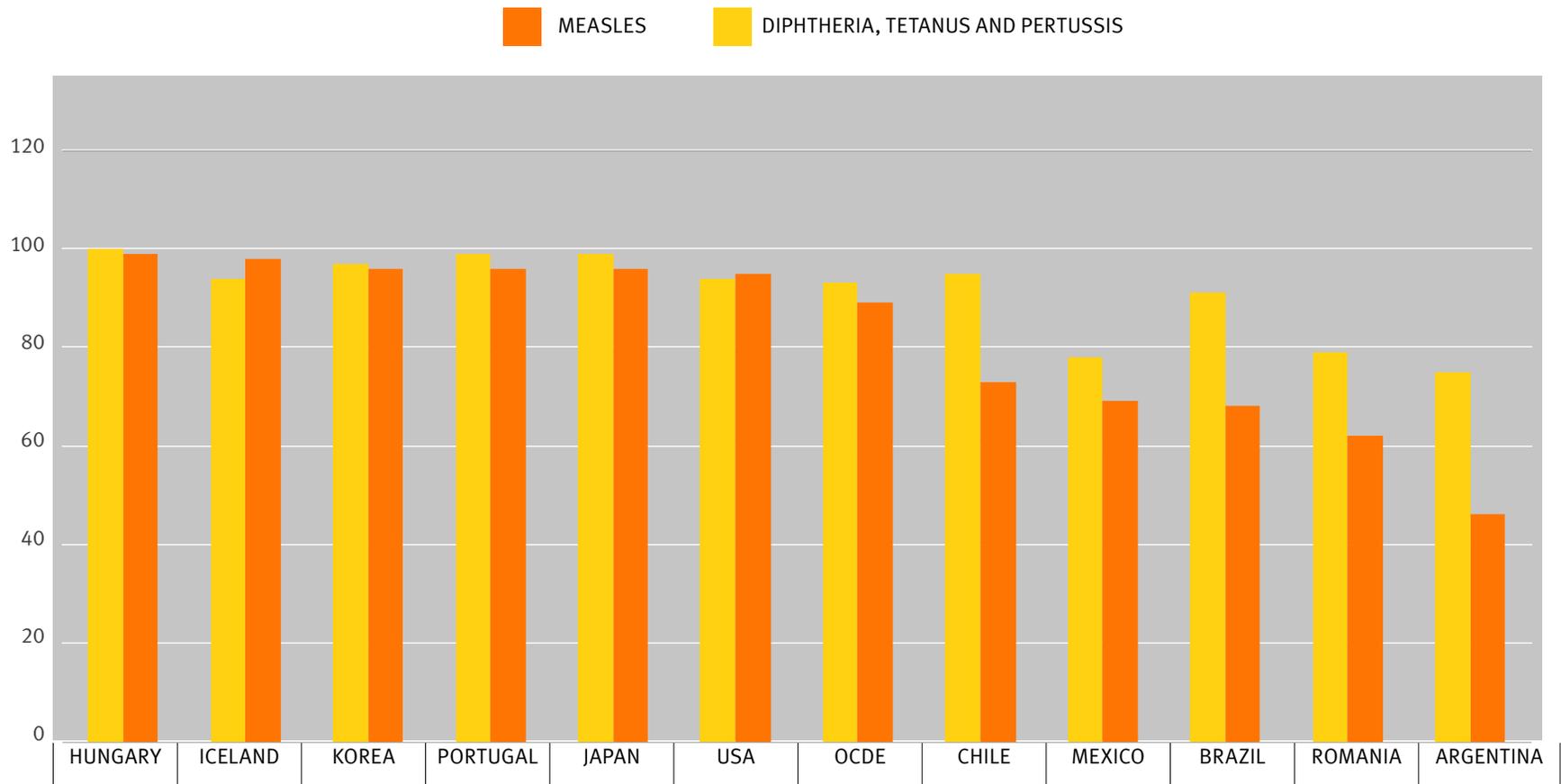
against Measles, Rubella and Mumps (SRP), while in 2023 (latest available data) coverage decreased to 72.1%. These declines affected the complete vaccination schedule both among children aged 12 to 23 months (52.6% in 2012 to 45.6% in 2023) and among those aged 24 to 35 months (44.2% in 2012 to 41.7%). Meanwhile, estimated measles coverage prevalence in specific groups such as women of childbearing age (20 to 49 years) was only 22%. Among adolescents, measles coverage was 21.1% (Shamah *et al.*, 2024).

In addition, prevalence figures from Mexico's Expanded Program on Immunization indicate which vaccines the adolescent population should receive and results show that these were very low: 21.2% for measles, 31.2% for tetanus, 9.4% for hepatitis B and 52.1% for HPV in female adolescents (Shamah *et al.*, 2024). In an international context, Graph 12 shows that in 2024 only six countries reached the WHO-recommended minimum measles immunization level (two doses), i.e., 95% coverage. Measles vaccination rates were particularly low in Mexico (69%) compared to other countries and to the OECD average (89%) (Graph 12).

Globally, prior to the start of mass vaccination in 1980, measles killed 2.6 million people per year worldwide

*The inherited challenges of the health system have not been resolved. The sector's limited response capacity, coverage, allocated resources and insufficiencies in care show that gaps have deepened.*

GRAPH 12. PERCENTAGE OF CHILDREN WHO HAVE RECEIVED TWO DOSES OF MEASLES VACCINE  
AND THREE DOSES OF DIPHTHERIA, TETANUS AND PERTUSSIS VACCINE  
2024 (OR NEAREST YEAR)



Source: In-house elaboration with data from OECD (2025).

(12,000 of them in the Americas). Today, this viral disease is re-emerging. In 2025, 14,975 confirmed measles cases were reported in 13 countries, a 32-fold increase compared with 2024 (PAHO, 2026). In Mexico, a virtual meeting will be held on April 13, 2026 with the Pan American Health Organization (PAHO) Regional Commission for Monitoring and Re-verification for the Elimination of Measles, Rubella and Congenital Rubella Syndrome (CRS), to review Mexico's measles elimination status (PAHO, 2026).

Meanwhile, as of February 12, 2026, the report on the measles outbreak in Mexico indicates 9,351 confirmed measles cases. It has also been reported that the first confirmed measles case emerged in Epidemiological Week 5 of 2025 (Secretaria de Salud, 2026). The largest number of cases is in the 1 to 4 age group (1,368 cases), followed by the 5 to 9 age group (1,138 cases) and the 25 to 29 age group (1,042 cases). Regarding deaths, 28 cumulative deaths have been confirmed in 2025 and so far in 2026, distributed across seven states: Chihuahua 21, Jalisco 2, Sonora 1, Durango 1, Michoacan 1, Tlaxcala 1 and Mexico City 1.

In light of the above, we can see that vaccination has been insufficient to maintain the 95% coverage



Image: Shutterstock at Eleconomista.com.mx

required to curb transmission of a contagious virus such as measles (Gutierrez and Ochoa, 2026). Mexico is facing an alarming situation with respect to measles. This leaves the door open to deaths from preventable diseases and violates the rights to receive free, high-quality medical care; it harms health and threatens the lives of millions of children in the country.

### **Final considerations: social cohesion,**

*In 2025, 14,975 confirmed measles cases were reported in 13 countries, a 32-fold increase compared with 2024 (PAHO, 2026).*

*Meanwhile, as of February 12, 2026, the report on the measles outbreak in Mexico indicates 9,351 confirmed measles cases and 28 deaths.*

## inequality and mobility in Mexico 2025

The analysis of the social domain during the first year of Claudia Sheinbaum's government shows a marked continuity in the social policy approach adopted since 2018. Despite the sustained increase in social spending and the expansion of cash transfer programs, structural progress in terms of reducing inequality and strengthening social mobility remains limited and uneven. The reduction in moderate poverty observed in recent years constitutes a relevant—yet insufficient—advance. The persistence of extreme poverty and multiple social deprivations reveals that the current model has prioritized short-term relief over capacity building and the effective guarantee of rights. Without an articulated social policy, cash transfers function as temporary palliatives rather than as tools of social transformation.

From a social mobility perspective, the data confirm that conditions of origin continue to largely determine people's life trajectories. Regional, gender and educational gaps shape an environment in which equality of opportunity remains a distant aspiration, particularly for those born into poverty. Far from correcting these inequalities, the education system is undergoing institutional weakening that compromis-

es its role as an engine of social mobility. The loss of evaluation mechanisms and of reliable information limits the State's capacity to identify lags, correct policies and guarantee the right to learn under equitable conditions.

On the other hand, the evolution of care models and, above all, their results, serves as a direct test of health governance and of the real place health occupies on the public agenda. So far, the balance is difficult to avoid: there are 24 million more people than in 2018 without access to health services—an regression that cannot be read as a mere administrative indicator, but rather as an ongoing violation of a right recognized in the Constitution. That setback is not randomly distributed. Accumulated deficits hit hardest those with the least margin to absorb them: lower-income households, the population without social security and people in territories with lower institutional capacity. The effect is systemic: inequalities widen, well-being deteriorates and exposure to avoidable risks increases.

In this context, this government inherits a concrete social debt: the failure to implement a universal health system. Turning the right into reality requires more than statements; it requires execution, opera-

tional capacity and budgetary continuity to rebuild coverage and quality. This is not only a legal and ethical obligation; it is also a condition for development. A country with greater effective access to health care not only reduces suffering and exclusion; it strengthens productivity, social cohesion and economic viability in the medium term.

Taken together, the first year of Claudia Sheinbaum's government makes it clear that social cohesion cannot be built solely on the basis of cash transfers or fragmented policies. Sustainable reductions in poverty and inequality require a comprehensive strategy that links income, high-quality public services, effective access to health care, institutional strengthening and capacity development throughout the life cycle. If these structural limitations are not corrected, the advances observed risk being temporary and reversible. The central challenge in the social domain is to move from an assistance-based approach toward a rights-based one, capable of strengthening social mobility and reducing the gaps that today undermine the country's development, social cohesion and stability.

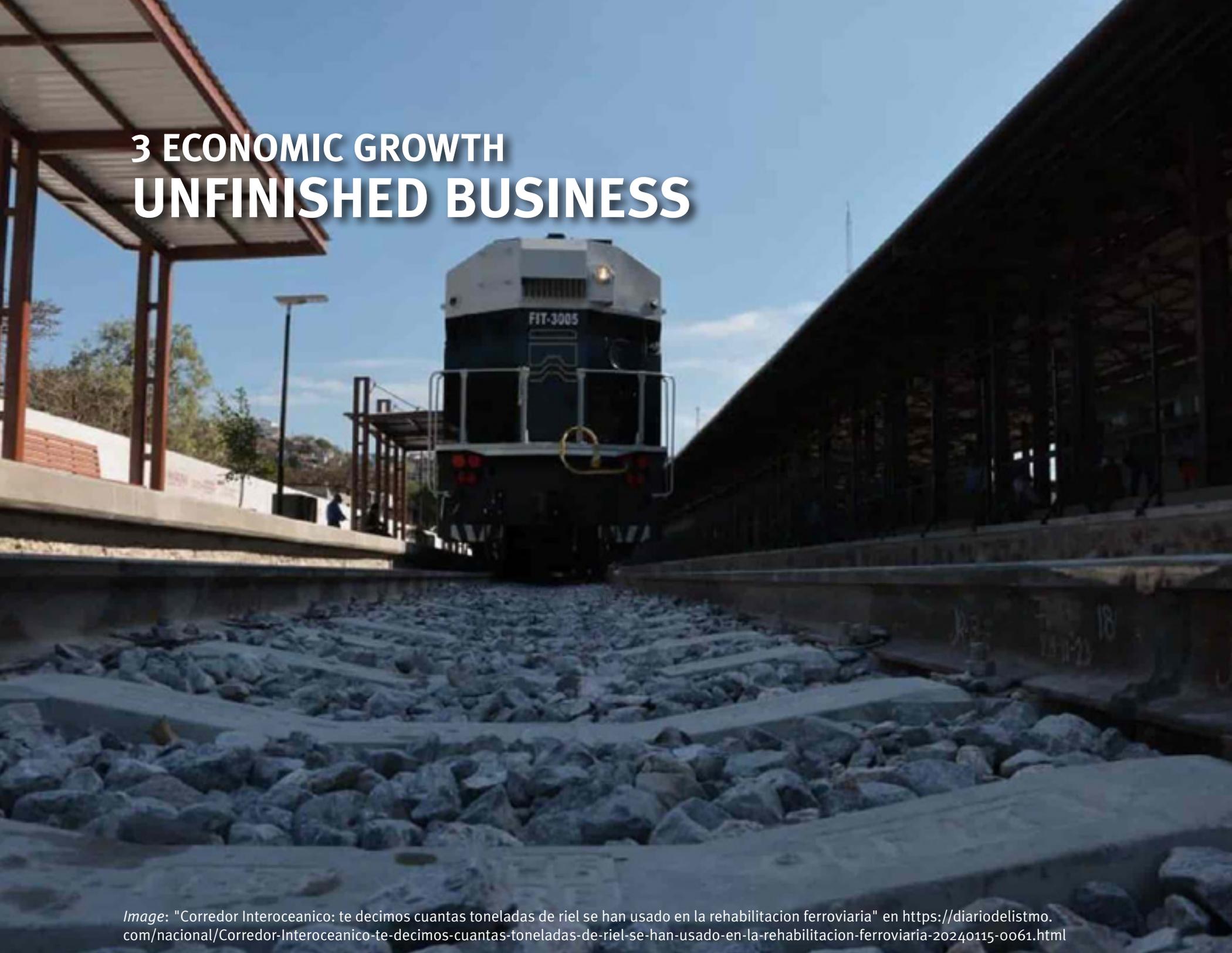
*Turning the rights into reality requires more than mere pronouncements; it demands implementation, operational capacity, and budgetary continuity to rebuild coverage and quality. This is not only a legal and ethical obligation; it is also a condition for development.*



**Social cohesion,  
inequality and  
social mobility  
MEXICO 2025**

- 
- » Marked continuity in the social policy approach adopted since 2018
- 
- » Limited structural progress in terms of reducing inequality and strengthening social mobility
- 
- » The reduction of moderate poverty is a significant but insufficient step; extreme poverty and multiple deprivations persist
- 
- » Without a coordinated social policy, cash transfers operate as temporary palliatives rather than tools for social transformation
- 
- » The education system faces institutional weakening that compromises its role as an engine of social mobility
- 
- » The loss of evaluation and information mechanisms limits the capacity to identify shortcomings, correct policies, and guarantee the right to learn under equitable conditions.
- 
- » A concrete social debt: the failure to implement a universal healthcare system: there are 24 million more people without access to health services than in 2018.
- 
- » The first year of Claudia Sheinbaum's government makes it clear that social cohesion cannot be built solely on monetary transfers or fragmented policies.
-

# 3 ECONOMIC GROWTH UNFINISHED BUSINESS



*Image:* "Corredor Interoceánico: te decimos cuántas toneladas de riel se han usado en la rehabilitación ferroviaria" en <https://diariodelistmo.com/nacional/Corredor-Interoceánico-te-decimos-cuántas-toneladas-de-riel-se-han-usado-en-la-rehabilitación-ferroviaria-20240115-0061.html>

# 3 ECONOMIC GROWTH UNFINISHED BUSINESS



Compared with other nations, since the entry into force of NAFTA (now the USMCA), Mexico's economic growth has ranged from poor to very poor. In the first year of Claudia Sheinbaum's administration, the economic trajectory inherited from the Fourth Transformation (4T) was not corrected; rather, its deceleration deepened. What in the previous six-year term was stagnation began to take on features of structural deterioration in 2025. Mexico's economy is growing less than in the past and is constraining entry into its labor market. Uncertainty persists about people's prospects –especially the youngest– who are being excluded from the labor market, while the

government is also failing to do its part to retain talent in schools.

Mexico's economic problems go beyond the strictly economic and extend into an issue of confidence, which has been undermined at different moments. The decline in private investment is not incidental. For its part, the federal government faces serious constraints in influencing growth more effectively through investment. Structural (internal) problems –such as the lack of legal certainty, insecurity and a weak domestic market– have dampened the willingness to invest in Mexico and conjunctural factors have exacerbated this phenomenon. The Mexican

*In the first year of Claudia Sheinbaum's administration, the economic trajectory inherited from the Fourth Transformation (4T) was not corrected; rather, its deceleration deepened.*

government has waited to act at the margins, pressured by the renegotiation of the USMCA, instead of undertaking profound changes.

The economic achievement on which the Mexican government has been most emphatic is, most likely, sustained wage growth. However, that success does not translate into consumption; at best it is limited and stimulates only certain economic activities, such as the healthcare industry. Here we observe how various economic strategies pursued since Lopez Obrador's administration have been exhausted or are reaching their limit, as they do not contribute to growth and become a potential risk to economic stability.

The most revealing example is the myth of a massive influx of foreign investment. In reality, according to figures revised by INEGI, private investment grew far less than was claimed as recently as a year ago, while the government ended up spending considerably more than it reported, mainly on imported machinery and equipment. That the statistical adjustment is concentrated precisely in imports is not a minor detail: it reopens the debate about the role of the Armed Forces as an entrepreneur, as an intermediary, or, in the worst case, as an actor with the capacity to shape markets. Over the past two years, Signos Vitales in-

sisted that there was a systematic upward bias in the previous data and today's revision confirms that reading, both in its composition (by component and by economic agent) and in the corrected amounts. Thus, rather than reflecting structural economic strategies, what has been observed resembles a logic of political communication, while the true nodal point of the economy in the shadows –and of the control of its flows– was located in the country's customs offices.

*Structural (internal) problems, such as lack of legal certainty, insecurity and a weak domestic market, have affected the willingness to invest in Mexico, and current factors exacerbate this phenomenon.*



*Image: "Armed forces in Mexican customs: 5431 military" Photo: ANAM at <https://www.opportimes.com/global/fuerzas-armadas-en-las-aduanas-de-mexico-5431-militares-y-marinos/>*

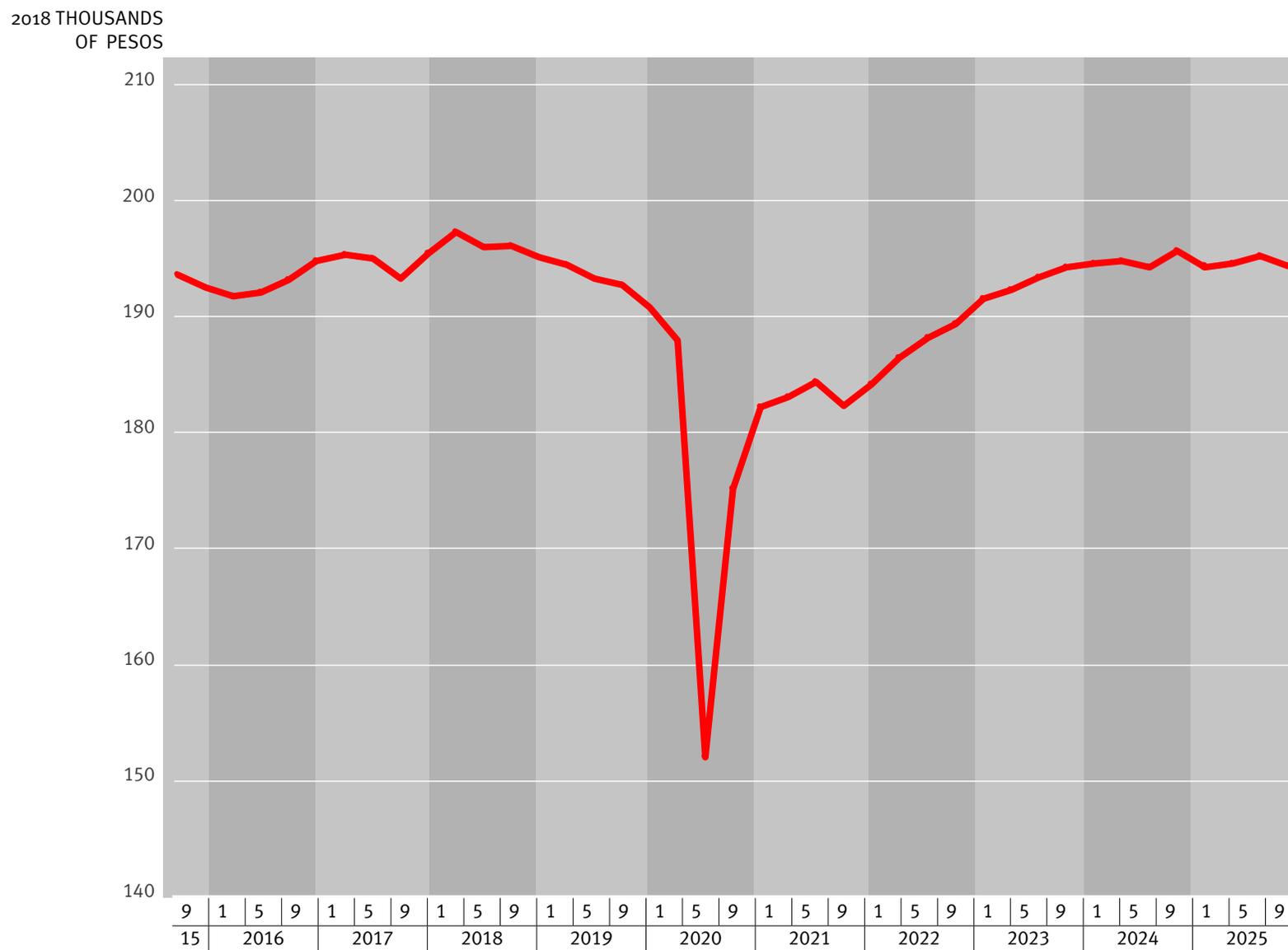
### 3.1 Thirty years open to the world: economic stagnation, income setbacks and no industrial progress

Claudia Sheinbaum's administration began in a context of exceptionally weak economic growth—the lowest observed since NAFTA entered into force (today the USMCA)—and as a continuation of the inertia of the previous six-year term. To put this in perspective: between 1993 and 2018, Mexico's economy recorded an average annual growth rate of 2.24%. By contrast, from the last quarter of 2018 to the third quarter of 2025, the increase was only 5.1% cumulative and during Lopez Obrador's government average growth stood at 0.8% per year. The deceleration is not marginal: from January to September 2025 the economy grew only 0.12% compared with the same period in 2024, confirming a stagnation that reduces the new government's room for maneuver from the outset. Under this trajectory, in the first year of Claudia Sheinbaum's administration the economic growth rate will be lower than her predecessor's average annual growth, reinforcing the signal of continuity: this is not a cyclical pause, but rather a deterioration in dynamism that had already been incubating.

In 2025, the problem is no longer only growing little, but growing less than the population: when the economy expands at a pace below demographic growth, the inevitable result is a decline in GDP per capita. This is clearly observed when specifying the period: between the third quarter (July–September) of 2024 and the third quarter (July–September) of 2025, the population rose from 130 million 154.2 thousand to 130 million 760 thousand inhabitants (0.47%), while economic activity increased at an even lower pace. In that framework, in the first year of Sheinbaum's administration GDP per capita registered growth of –0.34% (equivalent to –669.4 pesos in 2018 prices). The comparison with the previous six-year term underscores the severity of stagnation: during Lopez Obrador's administration, GDP per capita accumulated –0.17% (–334.3 pesos in 2018 prices). In sum, under Morena administrations, GDP per capita has declined on a cumulative basis by approximately –0.53% (around –1,030 pesos in 2018 prices) relative to 2018, confirming that the cost of low growth is being paid directly in terms of average income per person.

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GRAPH 13. GDP PER CAPITA IN THE LAST DECADE (THIRD QUARTER OF 2015 TO THIRD QUARTER OF 2025)  
SEASONALLY ADJUSTED FIGURES (THOUSANDS OF 2018 PESOS)



Source: In-house elaboration with information from INEGI.

The Mexican economy has advanced at different paces, not only across space but also by economic activity. Between the last quarter of 2018 and the third quarter of 2025, primary activities have posted an average annual increase of 1.5%. They are followed only by tertiary activities (services and commerce), with average growth of 1%. Secondary activities (oil, electricity, construction and manufacturing) are stagnating: their average annual growth is 0.09%. Between the first and third quarters of 2025, secondary activities accounted for 30.9% of GDP, whereas in the same period of 2018 they accounted for 32.3%. Over the past seven years, industrial activity growth in Mexico has been virtually nil (a cumulative 0.6%).

*Growth between the last quarter of 2018 and the third quarter of 2025:*

- » *Primary activities: average annual growth of 1.5%.*
- » *Tertiary activities (services and commerce): average growth of 1%.*
- » *Secondary activities (oil, electricity, construction, and manufacturing): stagnant = average annual growth of 0.09%.*
- » *Over the last seven years, industrial activity growth in Mexico has been practically nil (cumulative growth of 0.6%).*

### 3.1.2 INDUSTRIAL ACTIVITY TRAJECTORIES AMID GLOBAL TURBULENCE

In 2025, secondary activities break with the trajectory –already weak– that they had sustained between 2018 and 2024. That period closed with an average growth of just 0.39%, clearly below the historical performance of 1.7% observed between 1993 and 2018; in other words, the industrial sector entered 2025 with diminished momentum and no buffers. Against this backdrop, in the cumulative first to third quarters of 2025, secondary activities fell into recession, contracting by –1.8% year over year, equivalent to –145.1 billion 2018 pesos. The historical comparison helps gauge the shift: before the health crisis, secondary activities had already declined in Lopez Obrador’s first year in office (–1.7% year over year), while the 2008–2009 financial crisis produced a much deeper collapse (–8.1% year over year). If the trend is confirmed by the close of the fourth quarter of 2025, the contraction will be close in magnitude to Lopez Obrador’s first year: a significant setback not driven by external exceptionalism, but by accumulated fragility. In sum, what was slow progress between 2018 and 2024 becomes, in 2025, a phase change: the trend reverses abruptly and secondary activities enter a contractionary stage.

*Between 2018 and 2024 secondary activities closed with an average growth of 0.39%, below the historical performance of 1.7% (observed between 1993 and 2018); in other words, the industrial sector entered 2025 with diminished momentum and no buffers.*

In 2025, the contraction in secondary activities is explained by declines across all of their components: mining, construction, electricity, water and gas<sup>37</sup> and manufacturing industries posted contractions of -75.8 (-8.4% year over year), -41.6 (-2.7% year over year), -3.4 (-1.1% year over year) and -24.3 billion pesos (-0.46% year over year), respectively. Mining and construction account for 80.9% of the decline in secondary activities. The phenomenon is broad-based, but the weight of mining and construction within secondary activity alters its overall trajectory.

Since 2005, the sustained decline in oil extraction has operated as a structural drag on mining: as the heaviest component within that activity, its weakening ends up pulling down overall performance. The magnitude of the change is evident when comparing extremes. In 2004, oil and gas extraction accounted for 82.8% of mining output (1 trillion 69.3 billion pesos, a historical peak) and represented 5.8% of GDP; two decades later, in the cumulative January–September 2025 period, its contribution fell to 66.1% (537 billion pesos) and to 2.2% of GDP. Between 2004 and 2025, the value of oil and gas extraction output declined

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<sup>37</sup>Here we refer to the activity of Generation, transmission, distribution and marketing of electrical energy, supply of water and natural gas through pipelines to the final consumer.

by -49.2% (-527.3 billion pesos), confirming that the deterioration is not marginal but a deep contraction of the engine that historically sustained mining. In this context, the decline in mining activity is not only foreseeable: it should be treated as the baseline scenario as long as investment in oil exploration and production falls, private-sector participation remains constrained and the Mexican state's budget faces increasingly severe restrictions.

Between 1993 and 2018, construction activity maintained an average annual growth of 1.4%. Between 2018 and 2024, construction<sup>38</sup> slowed to an average growth rate of 0.63% per year. In that latter period, civil engineering works associated with the public sector grew 4.2% annually (28.1% cumulative). The long-term growth rate (1993–2018) had been 2.1% per year. However, between 2018 and 2024, specialized construction and building work –linked to firms and households– declined overall by -0.31%. Under Lopez Obrador's administration, households and firms contracted their demand for fixed assets, while government at all levels sustained construction activity.

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<sup>38</sup>Construction activity is made up of construction, the construction of civil engineering works and specialized construction work.

*The decline in mining activity is not only predictable: it must be assumed as the baseline scenario as long as investment in oil exploration and production decreases, private participation remains hampered, and the Mexican state budget faces increasingly severe restrictions.*

The completion of the previous administration's flagship projects –which pushed civil engineering to record highs– and the cut in public investment are depressing construction. In 2025 (1Q–3Q cumulative), construction activity fell –2.7% year over year, dragged down by the collapse in civil engineering works (–26.7% year over year; –75 billion 2018 pesos). As a result, its production level returned virtually to that of 2018 (–2%). The start of Claudia Sheinbaum's government coincides with a contraction in physical investment by the Budgetary Public Sector: it fell from 1 trillion 35.3 billion pesos (2024) to 770 billion pesos, a real decline of –28.4%. Excluding Pemex, it fell from 711.2 to 548.9 billion pesos (–25.7%). Lower resource requirements for projects such as the Maya Train<sup>39</sup> and the first-year fiscal adjustment reduced space for new large-scale projects and left a gap that is difficult to offset.

Pemex will continue to absorb a central share of investment. According to the 2026 Federal Expenditure Budget (PEF), spending on physical investment will amount to 1 trillion 251.9 billion pesos: 960.1 billion

<sup>39</sup> Here investment spending is accentuated, not the impact of public investment, specifically the Mayan Train. The impact is associated with the social utility of the good, that is, whether the work is cost-efficient in the long term (return on investment).

pesos in physical investment (ff 2.5% of GDP) and 276.4 billion pesos in financial investment and other items. A significant share of this second item will likely be used for Pemex's financial clean-up. As the PEF itself notes:

*A transfer from the Federal Government of 263.5 [billion pesos] is expected, earmarked for the payment of amortizations of market debt and bank loans contracted in previous years.*

In 2026, public investment would be higher than in 2025, but it would remain below –both in real terms and as a share of GDP– its 2024 level, when 1 trillion 116.4 billion pesos (ff 3% of GDP) in physical investment was executed.

The contraction in public investment in 2025 was the main adjustment mechanism to contain the fiscal imbalance. The public sector sacrificed investment to reduce the deficit to 4.3% of GDP; even so, in 2025 the Financial Requirements of the Public Sector (RFSP) stood at 4.8% of GDP, after the historical peak of 5.8% of GDP in 2024 (the highest on record since 2008). This environment increased the weight of fiscal dominance over monetary policy and constrained the central bank's room to maneuver: the policy rate was reduced from 11.25% (March 2024) to 7% (Feb-

*In 2025 (1Q–3Q cumulative), construction activity fell –2.7% year over year, dragged down by the collapse in civil engineering works (–26.7% year over year; –75 billion 2018 pesos). As a result, its production level returned virtually to that of 2018 (–2%).*

ruary 2026). In that context, the cost of the adjustment was not neutral: fiscal consolidation came at the expense of investment and the credibility of the macro framework (including perceptions of Banxico) came under pressure.

In early February 2026, Sheinbaum presented the Infrastructure Investment Plan for Development with Well-Being. According to the official communique, its implementation would imply an additional 722 billion pesos on top of the 2026 PEF and over the six-year term a total of 5 trillion 600 billion pesos would be allocated additionally: energy (54.15%), trains (15.63%), highways (13.94%), ports (6.48%), health (6.23%), water (2.83%), education (0.34%) and airports (0.04%). Unlike previous plans, the announcement emphasized mixed investment schemes (public and private), though without specifying the financial architecture or the mechanisms for risk, returns and guarantees. Therefore, the plan's consistency will depend less on the announcement than on credible financing: with existing budget constraints, weak growth and deteriorated investor confidence, the lack of detail may translate into uncertainty and raise execution costs.

In 2025, the decline in civil engineering works was not offset by higher activity in specialized work and building (2.7% year over year, or 33.4 billion pesos). In particular, building construction has increased its output since 2021<sup>40</sup>, but it only reached its pre-pandemic level in 2024 (1% above 2019). Between 2018 and 2024, construction activity was sustained by public-sector demand. In 2025, the collapse in public-sector demand pulled construction activity down overall, without private construction being able to compensate for that loss.

As with mining activity, the contraction in manufacturing was preceded by a slowdown in output. Between 1993 and 2018, average annual growth in manufacturing was 2.1%; in the 2018–2024 term, this rate fell to 1.1%. However, the contraction materialized between 2023 and 2024, when manufacturing fell by –0.05%. Between January and September 2025, the decline was more pronounced (–0.46% year over year). The contraction in manufacturing output began to take shape before Donald Trump's return to the U.S. presidency; however, five years earlier it was already showing signs of weakening.

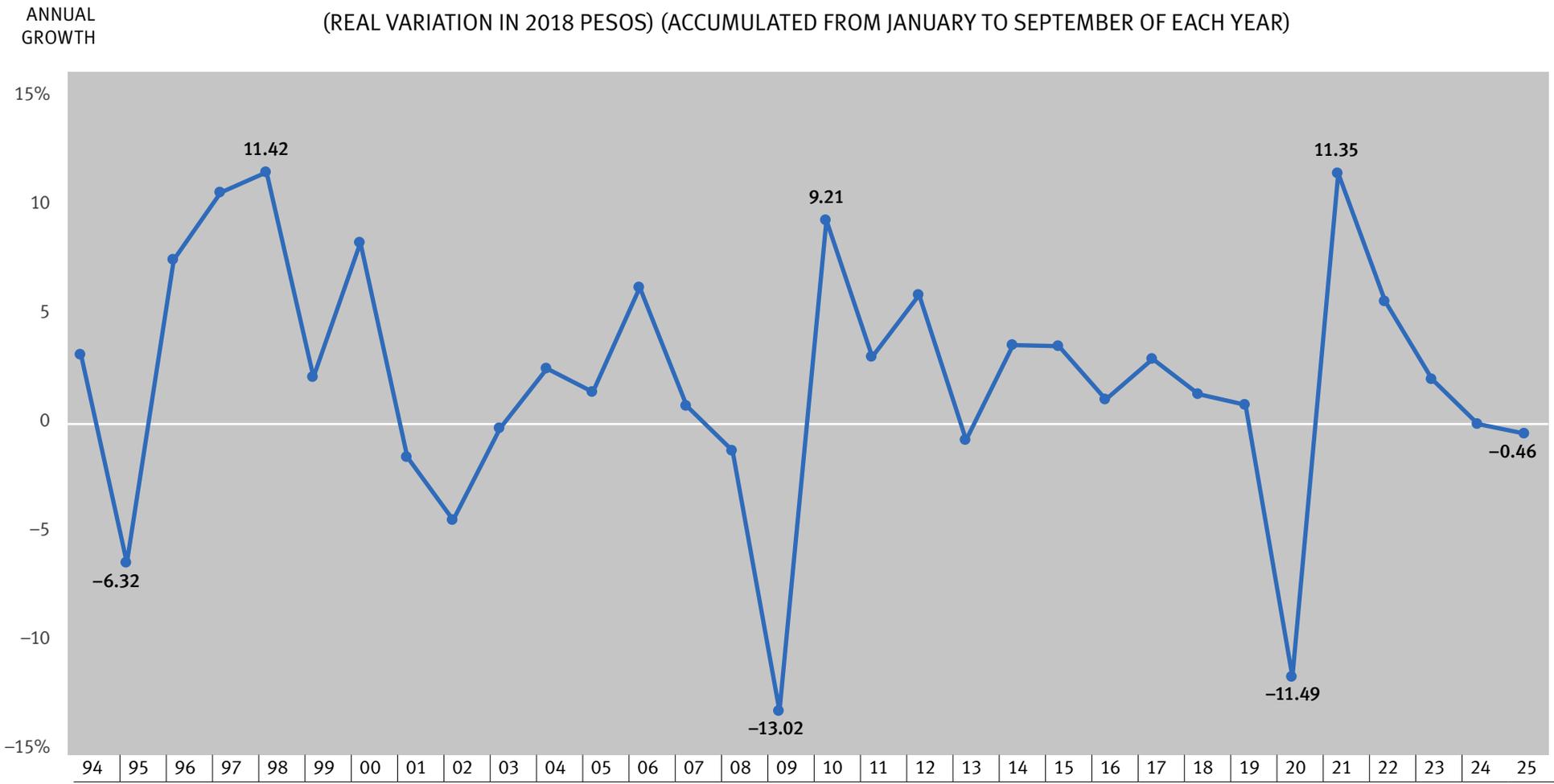
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<sup>40</sup>Building activity shows prolonged cycles of increases after each of the last four crises: 1994 – 1995, 2000, 2008 – 2009 and 2020.

*Sheinbaum presented the Infrastructure Investment Plan for Development with Well-Being: 722 billion pesos on top of the 2026 PEF and over the six-year term a total of 5 trillion 600 billion pesos would be allocated additionally: energy (54.15%), trains (15.63%), highways (13.94%), ports (6.48%), health (6.23%), water (2.83%), education (0.34%) y airports (0.04%).*

*Unlike previous plans, the announcement emphasized mixed investments (public and private).*

GRAPH 14. ANNUAL GROWTH OF THE MANUFACTURING INDUSTRY (1994–2025)  
 (REAL VARIATION IN 2018 PESOS) (ACCUMULATED FROM JANUARY TO SEPTEMBER OF EACH YEAR)



Source: In-house elaboration with information from INEGI.

Over the past seven years, manufacturing activity has (overall) performed worse than it had since the entry into force of NAFTA (now the USMCA). Only a handful of manufacturing activities posted a notable performance (with growth rates above their respective historical rates), but it is worth naming five of them due to their economic (weight within overall activity) and political importance: meat processing, manufacture of petroleum derivatives, manufacture of computers, manufacture of disposable medical supplies<sup>41</sup> and manufacture of pharmaceutical products. Taken together, these activities account for 18% of the value of manufacturing output (938.2 billion pesos); however, in 2025 almost all of them slowed their production, with the exception of disposable medical supplies.

### 3.1.3 GOVERNMENT, INDUSTRY AND THE USMCA

The federal government—particularly the Lopez Obrador administration—has influenced, directly or indirectly, the performance of the health industry. The

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<sup>41</sup> The name of the activities is as follows: Slaughter, packaging and processing of livestock meat, poultry and other edible animals; manufacturing of petroleum and coal products; manufacturing of computers and peripheral equipment; manufacturing of non-electronic equipment and disposable materials for medical, dental and laboratory use and ophthalmic articles.

Mexican government pursued an aggressive liberalization of the health market, which has fostered the development of this industry. This liberalization has coincided with the increase in unconditional government transfers, the health and medicine-supply crisis and the disintegration of the public health system. Between 2018 and 2025, the manufacture of disposable medical supplies and the manufacture of pharmaceutical products have grown, on average, by 7.6% and 2.4%, respectively. Between 1993 and 2018, average growth was 5.6% and 0.42%, respectively. The health industry has shown notable growth; however, sustaining it may be contingent on the Mexican state's budget constraints.

For its part, the federal government has directly affected the manufacture of petroleum derivatives through its energy policy. For two decades, refined-products output had been declining, but over the past seven years this trend reversed: between 2018 and 2025, average annual production growth is 4.8%. As will be shown below, the viability of this energy policy depends on access to international hydrocarbons markets and on the speed at which Mexican crude—particularly light crude—is being depleted.

*Between 2018 and 2025, the manufacture of disposable medical supplies and the manufacture of pharmaceutical products have grown, on average, by 7.6% and 2.4%, respectively. Between 1993 and 2018, average growth was 5.6% and 0.42%.*

Growth in the manufacture of computers is an unexpected development, yet one that has propelled Mexican manufacturing as a new world order takes shape. Between 1993 and 2018, computer manufacturing increased at an average annual rate of 7.9%. Between 2018 and 2025, growth accelerated to 11.3% annually. Over the past seven years, computer equipment output doubled (a cumulative change of 111%, or 100.1 billion pesos), rising from 90.2 to 190.3 billion pesos. To gauge the scale of this growth, this change is more than four times (331.4%) the growth of automotive output over the same period (100.1 vs. 23.2 billion pesos).

The pace of growth in computer manufacturing contrasts with the performance of the rest of manufacturing activities and is statistically atypical, especially considering that in 2021 this activity remained at roughly the same level as in 2018 (a cumulative change of 1.2%). That is, for three years it showed virtually no growth and its growth was far below its long-term trajectory.

Between 2021 and 2025, computer equipment manufacturing experienced exceptional growth: on average, it expanded by 20.2% per year and, cumulatively over the period, increased by 99 billion

*Over the past seven years, computer equipment output doubled (a cumulative change of 111%, or 100.1 billion pesos), rising from 90.2 to 190.3 billion pesos. To gauge the scale of this growth, this change is more than four times (331.4%) the growth of automotive output over the same period (100.1 vs. 23.2 billion pesos).*



*Image: "A short sight of Lenovo in Monterrey" at <https://www.lanacion.com.ar/tecnologia/visitamos-fabrica-computadoras-mas-grande-del-continente-nid2302471/>*

pesos—equivalent to a total jump of 108.5%. Put differently, this is not a marginal increase, but an expansion that nearly doubled the size of the activity in just a few years. Context matters: since 2017, when the reconfiguration of global value chains began, no other manufacturing branch in Mexico has displayed comparable behavior. This trajectory suggests that computer equipment manufacturing may be the main channel through which that productive reconfiguration is materializing in the country, concentrating dynamism that the rest of manufacturing has not been able to replicate.

The increase in computer manufacturing output has been accompanied by higher exports. Between January–November 2018 and the same months in 2025, exports of computer equipment<sup>42</sup> rose from 26.3 to 75.9 billion U.S. dollars (average annual growth of 16.3% and cumulative growth of 188%). However, in 2025 alone, growth was 140.7% and accounts for 89.5% of the change (44.3 billion U.S. dollars) over the past seven years. In 2025, 91.7% of computer equipment exports were destined for the United States. In other words, there is a direct relationship between higher production and exports—something that does not occur in many other activities.

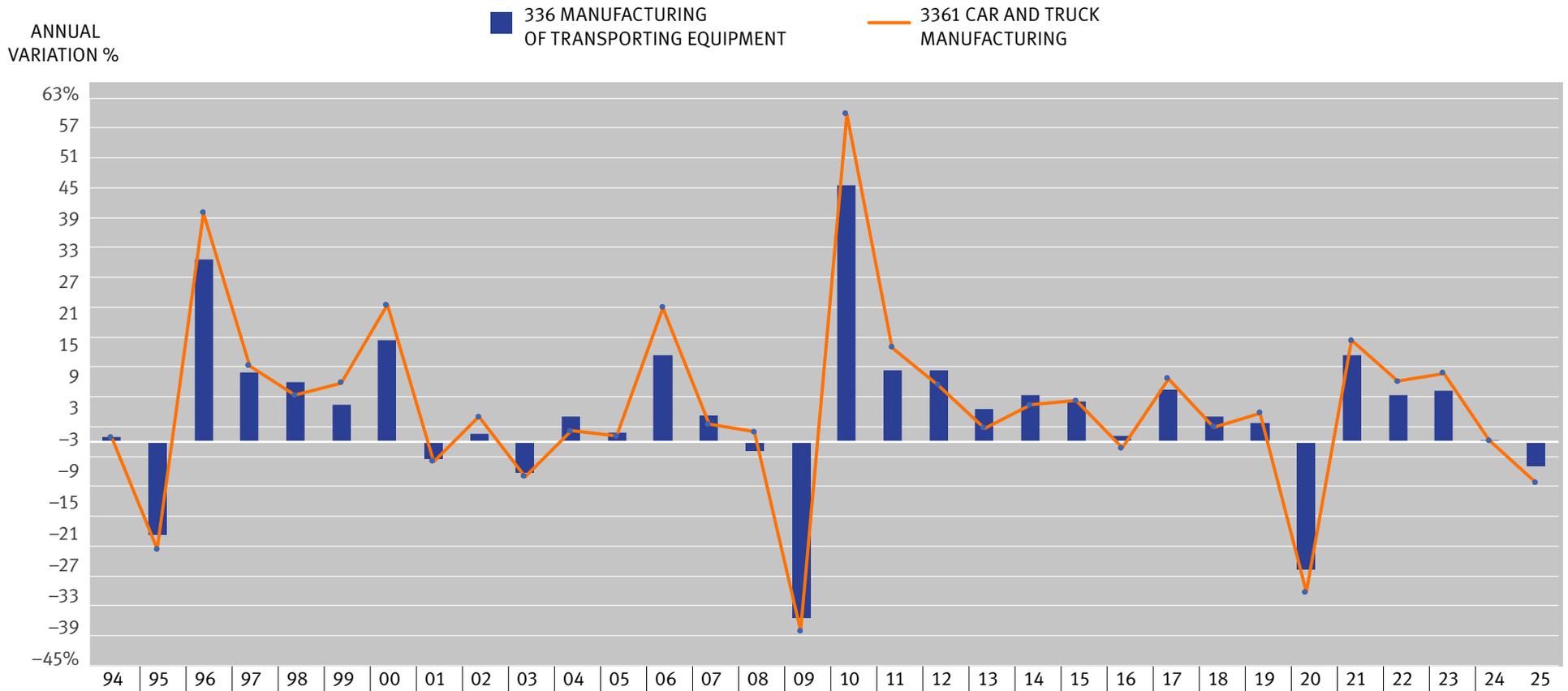
42 Code 8471 Machines for data processing.

It is even more difficult to single out the activities that have declined: in the last year, 53 of 86 manufacturing activities posted negative growth rates. Still, applying the same criteria of weight (value) within the sector and political and economic importance, it must be emphasized that the automotive industry is facing one of its most acute crises in recent decades. The manufacture of automobiles and trucks and the manufacture of parts for motor vehicles—which in 2025 represent 21.4% of manufacturing activity (1 trillion 114.2 billion pesos)—grew, in that same year, by –8.2% and –1% year over year, respectively. Between 1993 and 2018, the average growth rate of these activities was 6.6% and 5.2%, respectively and between 2018 and 2024 those rates had already fallen to 1.8% and 0.2%, respectively. The crisis in the automotive industry intensified during the first year of Claudia Sheinbaum’s administration, although its weakening had been unfolding in prior years.

While cyclical factors have severely affected the performance of the automotive industry, the federal government and subnational governments (half of the country’s states) had already exerted a negative influence beforehand. In Signos Vitales’ latest report, five phenomena were identified as affecting the performance of the domestic market:

*The automotive industry is experiencing one of its most acute crises in recent decades. The manufacture of cars, trucks, and auto parts, which is projected to represent 21.4% of manufacturing activity (1 trillion 114.2 billion pesos) in 2025, has grown by –8.2% and –1% year-on-year, respectively. Between 1993 and 2018, the average growth rate for these same activities was 6.6% and 5.2%, respectively.*

GRAPH 15. ANNUAL GROWTH OF TRANSPORTATION EQUIPMENT MANUFACTURING ACTIVITIES AND MANUFACTURING OF PARTS FOR MOTOR VEHICLES (ACCUMULATED FROM JANUARY TO SEPTEMBER OF EACH YEAR (1994–2025))



Source: In-house elaboration with information from INEGI.

- » Vehicle smuggling (light and heavy vehicles).
- » Asset laundering through Asian automotive firms.
- » Undervaluation of new imported vehicles (especially Asian models).
- » Underreporting of vehicle sales in Mexico, particularly by Asian firms.
- » Flexibility (deregulation) in the importation of used automobiles.

It is particularly concerning that there are indications of organized crime involvement in all of the activities listed above, in conjunction with customs authorities—commanded by the Armed Forces—and with the acquiescence (through decrees) or collaboration (by omission or commission) of government at all levels.

A concrete example of the domestic slowdown is the heavy-vehicle market: between 2024 and 2025, retail sales fell from 58.3 to 39.8 thousand units, a decline of 31.7%. Most of the adjustment was concentrated in freight vehicles: a decrease of 15.9 thousand units accounted for 86% of the total decline, with a contraction of –32.4% relative to 2024. As a result, 2025 sales levels returned virtually to the 2018 baseline (only –3.3% below), in sharp contrast to the stronger performance of the external (export) sector (INEGI, 2026). However, the most severe blow is observed in the wholesale channel: in 2025, wholesale sales plunged by –54.7% relative to 2024, equivalent to 37 thousand fewer vehicles (INEGI, 2026). This magnitude of contraction has only one comparable precedent: the period of the public health crisis.

Two interpretations follow from the above: either sales are not being recorded—because imports and domestic sales are not being invoiced—or there is,

in fact, a decline in heavy-vehicle purchases amid an environment of uncertainty. Both scenarios entail significant risks: the former would imply potential tax and customs offenses; the latter would anticipate a deeper economic contraction affecting transnational firms and fiscal and customs authorities—particularly the Navy and the Tax Administration Service (SAT)—and, in turn, it foreshadows an economic catastrophe.

Mexico was able to protect the USMCA—and its weakened industry—by bringing a larger number of products under the Agreement’s rules. The tariff burdens imposed by the United States government on Mexico pointed to a major economic crisis. As of November 2024, 48.9% (USD 20.7 billion) of products exported to the United States entered under USMCA rules; by November 2025, the share had risen to 89.1% (USD 39.7 billion), representing year-over-year growth of 91.9% (U.S. Census Bureau, n.d.). The USMCA played a role akin to an ark for exporting firms and it is in this sense that the federal Ministry of Economy (SE) can point to relatively low and internationally competitive tax rates.

In this context of rapid accession and the increase in exports under the USMCA, it is of utmost importance

*Two interpretations:*

- » *either sales are not being recorded—because imports and domestic sales are not being invoiced—*
- » *or there is, in fact, a decline in heavy-vehicle purchases amid an environment of uncertainty.*

to clarify the following:

Since the entry into force of the USMCA (July 1, 2020), it is possible to request preferential tariff treatment under the Agreement when the importer has a Certification of Origin completed by the exporter, the producer, or the importer itself.

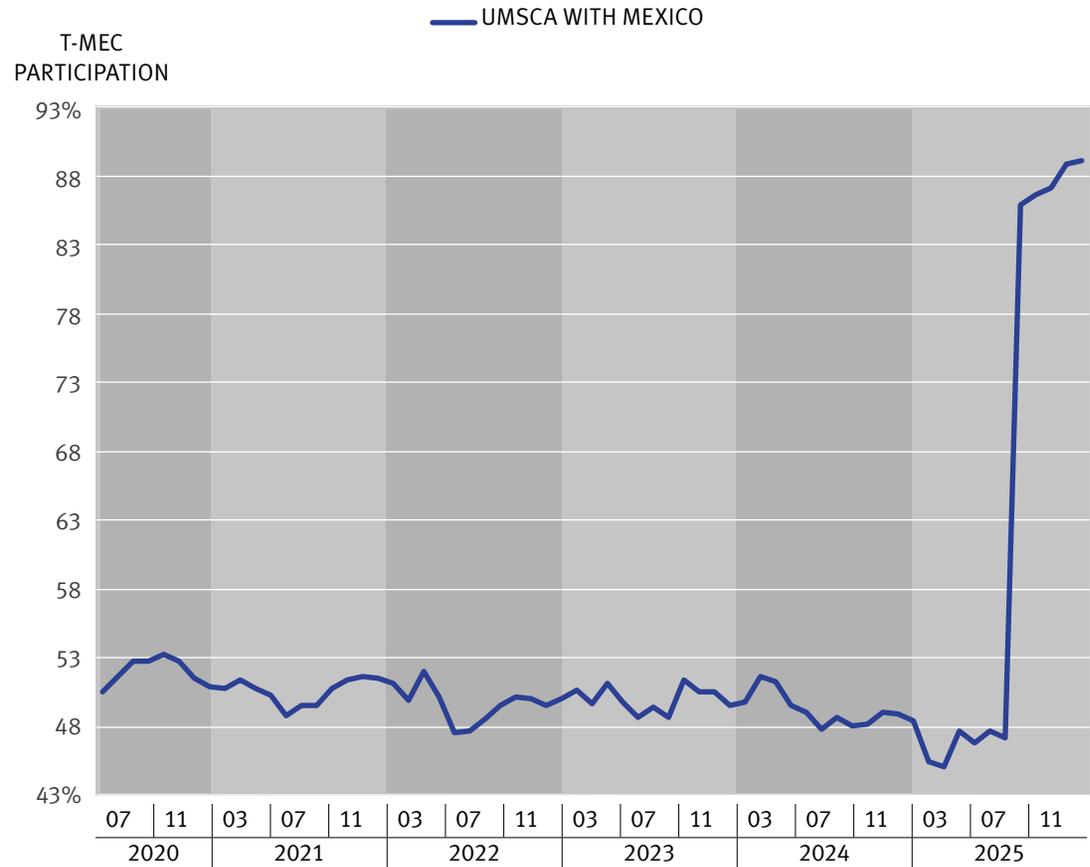
The Certification of Origin requires various (minimum) data elements, among which the Origin Criterion stands out. This criterion refers to the rule of origin<sup>43</sup> under which the good qualifies.

A crucial difference with NAFTA is that under the USMCA the certification operates under a self-certification scheme<sup>44</sup>; therefore, it is not necessary to appear before any authority to obtain a new certification. This certification is valid for four years from the date of issuance. In this sense, the USMCA is far more flexible and efficient than its predecessor (NAFTA), albeit with its corresponding risks.

<sup>43</sup>According to the National Foreign Trade Information Service (SNICE), the Rules of Origin are production requirements (transformation in the region) that must be met for the (traded) goods to be considered originating under a Trade Treaty/Agreement and, therefore, benefit from the tariff reductions negotiated therein. In the case of the T-MEC, the Rules of Origin are established in Chapter 4.

<sup>44</sup>The other type of certification is “by authority.” This can be issued directly by the competent authority and/or by authorized entities.

GRAPH 16. MEXICAN EXPORTS TO THE UNITED STATES UNDER USMCA  
(% OF TOTAL GOODS EXPORTED)  
(JULY 2020–NOVEMBER 2025)



Source: In-house elaboration with information from U.S. Census Bureau.

A fundamental aspect is that the party certifying is responsible for the certification stating compliance with the Rules of Origin, but the importer is responsible before the customs authority for paying any omitted duties and taxes, as the party that requested preferential tariff treatment.

According to the firm Holland & Knight:

*as a result of the new stipulations within the USMCA regarding rules of origin, if an exporter fails to comply, it may face sanctions such as lawsuits against companies as well as criminal matters for violating the established rule.*

In Carlos Vejar's view, it is relevant to consider a set of recommendations stemming from noncompliance with the rules of origin:

*Specific recommendations: conduct preventive audits; review timelines and the consequences of failing to respond properly; and note that there may be civil liability, because you may end up suing the exporter that claimed the product did qualify as originating, so there may be lawsuits between companies; criminal issues may arise if the conduct is considered smuggling; and there may be administrative and tax liability for failing to comply with the rule of origin.*

In this context of expedited accession to the USMCA, the growth in both the activity of manufacturing computer equipment and its exports (which also doubled within a year) is not surprising, as these trends coincide with the Agreement's entry into force. However, as we have noted for the past two years, the growth in Mexican exports has been accompanied by a greater increase in imports originating mainly from Asia. Cumulatively from January to November 2025, imports of computer equipment totaled USD 30.5 billion, whereas in the same period of 2018 they amounted to USD 9.9 billion –an accumulated increase of 207.8% (annual average of 17.4%).

Presumably, almost the entire industry established in Mexico has been protected under the USMCA's rules; however, it is unknown whether this accession was preceded by negotiations with the United States government, whether it was a unilateral decision by the Mexican government, or whether it resulted from an agreement among private actors (exporters and importers). And if such negotiations did take place, the political and economic cost of an accession as rushed as that observed in recent months is likewise unknown.

### 3.2 Labor market and productivity

### 3.2.1 WAGES RISING IN AN IMPOVERISHING LABOR MARKET

Workers' wages have recently grown more than GDP. Between 2018 and 2024, the wage bill rose from 5.97 to 7.63 trillion 2018 pesos (constant) (cumulative real change of 27.7%, or 4.2% on average per year). Wage growth accelerated relative to the previous six years (2012–2018), when wages grew by 1.5% on average per year. Between 2018 and 2024, wages accounted for 24.7% to 30% of GDP. Unlike the income of wage earners, entrepreneurs' income grew to a lesser extent (1.5% average per year) and corporate profits were pressured downward (cumulative change of –10.9%, or –1 trillion 260.9 billion pesos) (INEGI, 2025). Corporate profits moved from contributing 47.8% to 40.5% of GDP. From an income-distribution perspective, weak economic dynamism is associated with declining corporate profits and limited growth in entrepreneurs' income<sup>45</sup>.

Formal-sector wages maintained their upward trend. Between 2018 and 2024, the wage bill of insured workers rose from 2 trillion 569.3 billion pesos to 3 trillion 569 billion pesos (IMSS, n.d.). Cumulative growth in

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<sup>45</sup>Between 2012 and 2018, the income of entrepreneurs and the profits of companies grew at an average annual rate of 2.3 and 1.2%, respectively.

the wage bill of formal workers was 38.9% (increase of 999.68 billion pesos), or an average annual rate of 5.6%. The increase in the wage bill of formal workers explains 60.4% of the increase in the total wage bill (formal and informal). From this it follows that the wage bill of informal workers grew 19.2% cumulatively (increase of 654.2 billion pesos), or an average annual rate of 3%, which can be regarded as part of the “lighthouse effect” of minimum-wage increases. Over the past six years, wages grew steadily across different employment statuses (formal and informal); however, the wage bill of informal workers increased more modestly than that of formal workers.

Since 2018, the wage bill has grown steadily and has recently shown signs of weakness. The wage bill grew at positive rates from 2018 through 2024, interrupted only by the health crisis in 2020 (–1.3%) and accelerated substantially between 2023 (6.6%) and 2024 (7%) (INEGI, 2025). In the first half of 2025, growth in the total wage bill decelerated to 2.8% (increase of 204 billion 2018 pesos) and entrepreneurs' income fell sharply (–3.8%, or –220.6 billion 2018 pesos) (INEGI, 2025). In the same semester, GDP managed to remain slightly positive (0.42%) due to wage growth and the weak increase in corporate profits (0.052%, or 5.3 billion pesos) (INEGI, 2025).

*The growth in Mexican exports has been accompanied by a greater increase in imports, mainly from Asia.*

As of the second quarter of 2025, aggregate labor income among formal workers recorded real growth of 2.2% relative to the same quarter of the previous year, equivalent to an increase of 80.5 billion pesos. However, in the first half of 2025 that advance lost momentum precisely because the increase coming from formal employment was smaller. In other words, the component with the greatest stability and protection stopped pushing with the same force. Even so, the growth observed in 2025 is not explained solely by the formal segment: it is being driven significantly by the increase in aggregate income generated in informality, suggesting an unfavorable recomposition, as labor income is increasingly sustained by occupations with weaker social protection and greater precarity.

Under the Lopez Obrador administration, job creation maintained the inertia of the past two decades. Between the fourth quarter of 2018 and the third quarter of 2025, employment rose from 53.7 to 59.5 million employed persons (cumulative change of 10.9%, or 5.8 million employed persons). Under the Lopez Obrador administration, the average annual growth rate of employment was 1.8%. Under the administrations of Felipe Calderon and Enrique Peña, that rate was 1.8% and 1.9% per year, respectively. The administrations of Enrique Peña and Lopez Obrador provid-

*Formal-sector wages maintained their upward trend. Between 2018 and 2024, the wage bill of insured workers rose from 2 trillion 569.3 billion pesos to 3 trillion 569 billion pesos (IMSS, n.d.). Cumulative growth in the wage bill of formal workers was 38.9% (increase of 999.68 billion pesos), or an average annual rate of 5.6%.*



*Image:* " In 2024, only 18% of the formal jobs needed were created; warns private sector" at <https://expansion.mx/economia/2025/01/08/2024-genero-solo-18-empleos-formales-que-se-necesitan>

ed greater impetus to the creation of formal employment—68.9% (or 3.9 million employed persons) and 62.4% (or 3.6 million employed persons) of the total, respectively (INEGI, 2025b).

In the first year of Claudia Sheinbaum's administration, job creation practically stalled and deteriorated in quality (greater informality and less access to medical services and benefits), even without a formal recession. Between the third quarter of 2024 and the same quarter of 2025, employment grew by 0.009% (or 5,200 employed persons). This increase was driven by the rise of 465.9 thousand informal workers (increase of 1.4%) and a decline of -460.7 thousand formal workers (-1.7%). Over the same year, the working-age population (15 years and older) grew by 1.45 million people (or 1.4%). That is, job growth (5,200 employed persons) covered only 0.36% of the increase in the potential labor force, which was absorbed into informality (INEGI, 2025b). Over the past year, job creation was almost null, proved insufficient and absorbed only a small fraction of the growth in the potential labor force.

In 2025, the near-zero generation of employment caused many working-age individuals to leave the labor market. Between the third quarter of 2024 and the

same quarter of 2025, the Economically Active Population (EAP) changed by -67.1 thousand people (or -0.11%). The EAP declined while the potential labor force continued to grow. The EAP contracted because the number of unemployed workers fell (-72.3 thousand, or -3.9%) and employment barely grew (less than the decline in unemployment)<sup>46</sup> (INEGI, 2025b). In other words, job growth was not sufficient to offset the drop in unemployment or to accommodate the unemployed. This also means that, in the past year, the number of working-age people who exited the labor market exceeded the number who entered it.

### 3.2.2 LABOR MARKET AND MULTIPLE CRISES: IF THEY ARE NOT THERE, THEY DO NOT COUNT; IF THEY DO NOT COUNT, THERE IS NO CRISIS

The increase in the number of people leaving the labor market began at the end of the Lopez Obrador administration. Although during that administration the EAP grew more than the NEAP (Not Economically

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<sup>46</sup> The EAP (-67.1 thousand people) is made up of the sum of employed workers (5.2 thousand employed) and unemployed (-72.3 thousand unemployed). The latter are unemployed until the moment they stop looking for work, either because they leave the labor market (for economic or other reasons) or because they have found work (employed).

*In the first year of this government, job creation practically stopped and lost quality (greater informality and less access to medical services and benefits), even without a formal recession.*

Active Population), exits from the labor market accelerated starting in the third quarter of 2024. In that quarter, the increase in the number of people outside the labor market (645.5 thousand working-age individuals) absorbed nearly two-thirds (63.1%) of the growth in the potential labor force (an increase of just over 1 million people) (INEGI, 2025b). Since records began, events of this kind have occurred at four moments: 2008, 2010, 2014 and 2020. However, in 2008 and 2020 the growth of the NEAP was driven by economic and social phenomena: the great financial crisis of 2008–2009 and the major lockdown. Between 2024 and 2025, the exit of people from the labor market is not fully explained by strictly economic factors, public health issues, or increased enrollment in upper-secondary and higher education.

Likewise, between the third quarter of 2024 and the same quarter of 2025, the population aged 15 to 29 who are not in the labor market (working or seeking work) and who also are not studying increased from 5.0 to 5.18 million (increase of 3.5%, or 175.7 thousand young people) (INEGI, 2025b). That is, there is a larger number of young people who neither study, nor work, nor seek work. Therefore, the reasons why a larger number of people are leaving the labor market are unclear and are not consistent with an eco-



*Image:* Neither studying nor working at <https://www.puntoporpunto.com/noticias/lo-mas-recente/18-de-cada-100-jovenes-mexicanos-son-personas-que-viven-sin-estudiar-capacitarse-o-trabajar/>

omic crisis (in the strict sense of the definition), public health problems, or increased school enrollment at the upper-secondary and higher levels.

Two out of every three people who added to the NEAP (66%, or 1 million people) belong to three age groups: 15–19 (272.5 thousand young people, or 18%), 60–64 (296.8 thousand adults, or 19.6%) and 65–69 (430.9 thousand older adults, or 28.5%) (INEGI, 2025b). In

*There is a larger number of young people who neither study, nor work, nor seek work.*

particular, over the past year the older-adult population grew by 440.3 thousand. For every 100 people who entered this stage of life (65 years and older), only 2 remained in the labor market and 98 were outside it. Between the fourth quarter of 2018 and the third quarter of 2025, labor-force participation among older adults fell from 27.1% to 24.5% (INEGI, 2025b). Over the past seven years, the proportion of adults leaving the labor market has accelerated and this is a group that continues to grow while remaining outside the labor market.

In September 2025<sup>47</sup>, Signos Vitales noted that the growth of the NEAP has been accompanied by a decline in the youth population. Both phenomena remain persistent in the second half of the year. Between the fourth quarter of 2022 and the third quarter of 2025, the population aged 15 to 29 declined by -2.4% (-763.8 thousand young people) (INEGI, 2025b). The working-age population (15 years and older) and the rest of the age groups (excluding youth aged 15 to 29) grew by 3.6% (more than 3.5 million people) and 6.3% (4.3 million people), respectively. In particular, the most affected age group is 20-24 (-467.1 thousand young people, or -4.4%), of whom 60.9% are men

<sup>47</sup>For more details, see Fractures in the drivers of social mobility in Mexico.

and 39.1% women and 80.6% resided in the South and Center according to the last record available (INEGI, 2025b). Over the past three years, a persistent reduction is observed in the statistical recording of young people, a phenomenon that warrants further analysis, affecting the potential labor supply.

The statistical absence of a growing proportion of young people raises a relevant question for economic and social analysis. Regardless of the cause, deaths are increasing for almost all age groups, except for the 20-24 group. Between 2018 and 2024, deaths increased from 722.6 to 819.7 thousand people (increase of 13.4%, or 97.1 thousand people) (INEGI, 2026b). Over the same years, the population grew by approximately 5.1% (6.3 million people). That is, mortality continued to rise. The mortality rate increased from 5.8 to 6.3 per 1,000 inhabitants. Deaths among the working-age population (15 years and older) increased by 15.2% (104.1 thousand people) (INEGI, 2026b). Yet within this population, only the 20-24 age group recorded a reduction, falling from 14,968 to 14,723 deaths (change of -1.6%, or -245 people) (INEGI, 2026b). The decline in the population aged 20 to 24 -both EAP and NEAP- does not correspond to the death registry.

*Two out of every three people who added to the NEAP (66% or 1 million people) belong to three age groups:*

»15 to 19 (272.5 thousand young people)

»60 - 64 years old (296.8 thousand adults) and

»65 to 69 years old (430.9 thousand older-adults) (INEGI, 2025b).

*In particular, over the past year the older-adult population grew by 440.3 thousand.*

Deaths from homicides among young people aged 20 to 24 declined by  $-15.3\%$  ( $-775$  homicides) (INEGI, 2026b). Between 2018 and 2024, the registered number of homicide deaths fell from 5,069 to 4,294 (INEGI, 2026b). The decline in homicides was larger, both relatively and in absolute terms, than the decline in total deaths. This decline accounted for  $24.7\%$  of the reduction in the homicide registry nationwide over the same period<sup>48</sup>. According to the death registry, over the past six years homicide deaths among young people aged 20 to 24 in Mexico decreased from  $33.9\%$  to  $29.2\%$  of total deaths. Despite this decline, in 2024 external causes of morbidity and mortality (accidents, suicide and homicide) remained the most significant ( $63.1\%$  of the total). These external causes are being driven by suicides and accidents, which rose from 1,035 to 1,193 suicides (cumulative change of  $15.3\%$ ) and from 3,611 to 3,802 accidents (cumulative change of  $5.3\%$ ). If these trends continue, accidents (all types) will become the leading cause of death among people aged 20 to 24 (INEGI, 2026b).

To recap, over the past three years' deaths in the 20–24 age group have declined, making it the only

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<sup>48</sup> This reduction is followed by that of the population aged 25 to 29 and 35 to 39, which contributed the equivalent of  $24.3$  and  $15.4\%$  of the total reduction in the same six years.



image: "In Mexico: Young people are at greater risk of dying than in other countries" at <https://politica.expansion.mx/mexico-jovenes-mayor-riesgo-de-morir>

*In the last six years, homicide deaths among young people aged 20 to 24 have decreased from  $33.9\%$  to  $29.2\%$  of the total. Despite this reduction, in 2024 external causes of morbidity and mortality will continue to be the leading cause ( $63.1\%$  of the total).*

age group with this demographic feature. However, the population aged 20 to 24 captured in official surveys—especially the ENOE (National Survey of Occupation and Employment) (high-frequency data)—is declining, without that decline being explained by the death registry. At the time the ENOE was conducted, these young people were not in their households and they were not absent because they were in the labor market (working) or outside it (studying or providing care work). In light of this, there are two plausible scenarios (answers): 1) young people are alive but are outside the country, or 2) there is a major information gap deliberately generated by the Mexican state in an attempt to conceal homicide figures. In the second case, the only statistic that responds even partially to this problem is that of disappearances.

A disappeared person is a person who will not be captured in surveys, provided that they do not reside in another household or have changed residence (within the country). That is, in plain terms, as long as that person remains alive and within the country, they will be counted. Consequently, disappearance entails an undercount of deaths. In aggregate, disappearances do not suggest that people remain alive—at least not in Mexico. Disappearance affects both sides of the equation: total population and deaths, potentially af-

fecting the latter more strongly.

In December 2018, the average age and the median age of the EAP were 39.38 and 38 years, respectively. In December 2025, the same variables were 40.73 (average) and 40 years (median). Over the same period, the average annual growth rates for the mean age and the median were 0.45% and 0.73%, respectively. Between January 2005 and November 2018, the pace of aging was 0.43% (mean age) and 0.6% (median) per year. As we have been warning, the pace of aging in the labor market is accelerating.

The acceleration in the aging of the EAP occurs under certain conditions:

- » Exit from the labor market by older adults (over 65), with the corresponding increase in the NEAP.
- » Lower entry into the labor market, especially among young people (20 to 29).
- » Decline in the youth population, mainly among those aged 20 to 24 and very likely influenced by disappearances (hidden homicides).

Between November 2018 and December 2025, the average annual growth rates of the total population, the EAP and the NEAP were 0.9%, 1.5% and 2.0%, respectively. The growth rate of people leaving the

*Between November 2018 and December 2025, the average annual growth rates of the total population, the EAP and the NEAP were 0.9%, 1.5% and 2.0%, respectively. The growth rate of people leaving the labor market is higher than the growth rate of those entering it; therefore, the population grows less.*

labor market is higher than the growth rate of those entering it; therefore, the population grows less. Between January 2005 and November 2018, the behavior was diametrically opposite: the population grew more (1.3% per year), the labor market admitted a larger number of people each year (2.1% per year) and people exited the labor market at a slower pace (1.7% per year).

It is not a minor matter: the aging of the labor market is being shaped by economic and public security problems. The labor market is a snapshot of the rest of the Mexican economy. Over the past seven years, for every young person (aged 20 to 29) who became employed, 2.9 older adults were being employed (a change of 222.3 thousand versus 645.7 thousand employed). The pace of employment growth remained constant for older adults (0.79% per year), but employment growth among younger people fell from 1.28% (first quarter of 2005 to fourth quarter of 2018) to 0.28% per year (fourth quarter of 2018 to the third quarter of 2025). Moreover, aging could be even greater: social programs have pulled millions of older adults out of the labor market. Between the fourth quarter of 2018 and the third quarter of 2025, labor force participation among older adults fell from 27.1% to 24.5% and they increased the NEAP by 3.1

*The aging of the labor market is being shaped by economic and public security problems. The labor market is a snapshot of the rest of the Mexican economy. Over the past seven years, for every young person (aged 20 to 29) who became employed, 2.9 older adults were being employed.*



*Image: "Older adults working in packing plants" at <https://www.ambasmanos.mx/puebla/el-11-de-la-poblacion-empleada-en-puebla-es-de-adultos-mayores-en-esto-trabajan/19379/>*

million –accounting for 82.9% of the growth of that population over the same years. In other words, absent an aggressive expansion of social programs, the labor market could be aging at an even faster pace due to weak economic growth and violence.

The economic crisis and the crisis of disappearances have intensified among Mexico's young population. It is worth noting that the purpose of this section was not to document these absences—from households, workplaces, schools, or death registries. However, the crisis of disappearances is so large that it is already perceptible in labor and education statistics. The problem is of greater magnitude than official statistics indicate and, as with many other everyday problems in the country, there is a policy of erasing information, originating above all in administrative records. The undercount of disappearances exceeds official figures. In economic terms, disappearances will alter the demographic trajectory of an entire generation and will further accelerate the aging of the labor market.

### 3.2.3 EMPLOYER–EMPLOYEE REGISTRATIONS (LABOR FORMALITY)

Between December 2018 and December 2025, 2.44



Image: "The disappearance of people in Mexico has reached the level of a major humanitarian crisis" Getty at <https://www.bbc.com/mundo/noticias-america-latina-47464275>

*The crisis of disappearances is of such magnitude that it is already perceptible in labor and education statistics. The problem is far greater than official statistics indicate, and as with many other problems in the country's daily life, there is a policy of suppressing information, primarily from administrative records.*

million formal jobs were added<sup>49</sup> (IMSS, 2025). During the Lopez Obrador administration (December 2018 to September 2024) and so far under Claudia Sheinbaum's government (October 2024 to December 2025), 2.4 million and 36.3 thousand new formal jobs were registered<sup>50</sup> (IMSS, 2025), respectively. Under the Lopez Obrador administration, the average annual growth rate of formal employment was 2%. Between December 2024 and December 2025, growth in the registered number of jobs was 1.3% (278.7 thousand jobs) (IMSS, 2025). During Claudia Sheinbaum's administration, the creation of IMSS-registered jobs has decelerated.

At the outset of Claudia Sheinbaum's administration, the registration of formal jobs has advanced slowly and to a lesser extent than in other recent administrations. Growth in registered formal employment has decelerated since early 2022 and has maintained

<sup>49</sup> IMSS statistics are not perfectly comparable with INEGI statistics since they are different units of measurement. However, over time they show a similar trajectory. In the first case, these are jobs (a person can have more than one job), however, the INEGI counts employed people regardless of how many jobs they have (without repetition).

<sup>50</sup> In July 2025, the pilot program for app workers began, which consisted of the affiliation of app delivery drivers. In that month, more than a million workers joined the IMSS. The figure was presented as a historical record, but these were jobs that already existed, not the creation of new jobs.

its downward trajectory. Under the administrations of Vicente Fox, Felipe Calderon and Enrique Peña Nieto, 1.54 million, 2.62 million and 4.4 million new formal jobs were registered (IMSS, 2025) and their average annual growth rates were 2%, 3% and 4.2%, respectively. Under Enrique Peña's administration, there were 80.3% more jobs registered with the IMSS than the total registered during the federal administrations of Lopez Obrador and Claudia Sheinbaum combined (the past seven years).

In 2025, the creation of new formal jobs was driven by an unusual increase in the Center of the country. In 2025, the South, North and North–West regions recorded declines in jobs of –1.1% (–31 thousand), –0.9% (–52.6 thousand) and –0.7% (–9.5 thousand), respectively. Unlike these regions, the Center and Center–North recorded increases of 4% (338.3 thousand) and 1% per year (33.5 thousand), respectively. Growth in registrations in the Center of the country offset the declines in three of the five regions. In turn, growth in the Center was driven (50.1%) by an unusual surge in job registrations in the Transport and Communications sector, particularly in land passenger transport (189%, or 169.4 thousand jobs) (IMSS, 2025).

*At the outset of Sheinbaum's administration, the registration of formal jobs has advanced slowly and to a lesser extent than in other recent administrations.*

*Under Enrique Peña Nieto rule, there were 80.3% more jobs registered with the IMSS than the total registered during the federal administrations of Lopez Obrador and Claudia Sheinbaum combined (the past seven years).*

On July 1, 2025, the Pilot Program to enroll digital platform workers in the IMSS began operating<sup>51</sup>. Strictly speaking, these are not new jobs, but rather the recognition of an employer–employee relationship. Subtracting this change (mass affiliation), which is concentrated mainly in Mexico City and the State of Mexico (Center region), between 2024 and 2025 growth in job registrations in the Center is 2% (168.9 thousand) and nationwide it is 0.5% (109.9 thousand) (IMSS, 2025). Thus, under Claudia Sheinbaum’s administration there is a cumulative loss of –132.6 thousand formal jobs (cumulative change of –0.6%)<sup>52</sup>, which is tempered by the growth in the registration of app-based drivers and delivery workers (Graph 17).

In 2025, the average wages registered with the IMSS will continue to rise in real terms. Between December 2018 and October 2025, the wages of formal workers increased by a cumulative 27.6%. Between

<sup>51</sup> It includes workers who provide services on an app or digital platforms to: deliver food or products, transport people, make shipments, courier or purchases and offer other services from a platform, or any other service from a platform that requires the physical presence of the worker to provide the service.

<sup>52</sup> Considering the discount of 168.8 thousand jobs in land passenger transportation (drivers by application) that were registered in the last year (December 2024 to the same month of 2025).



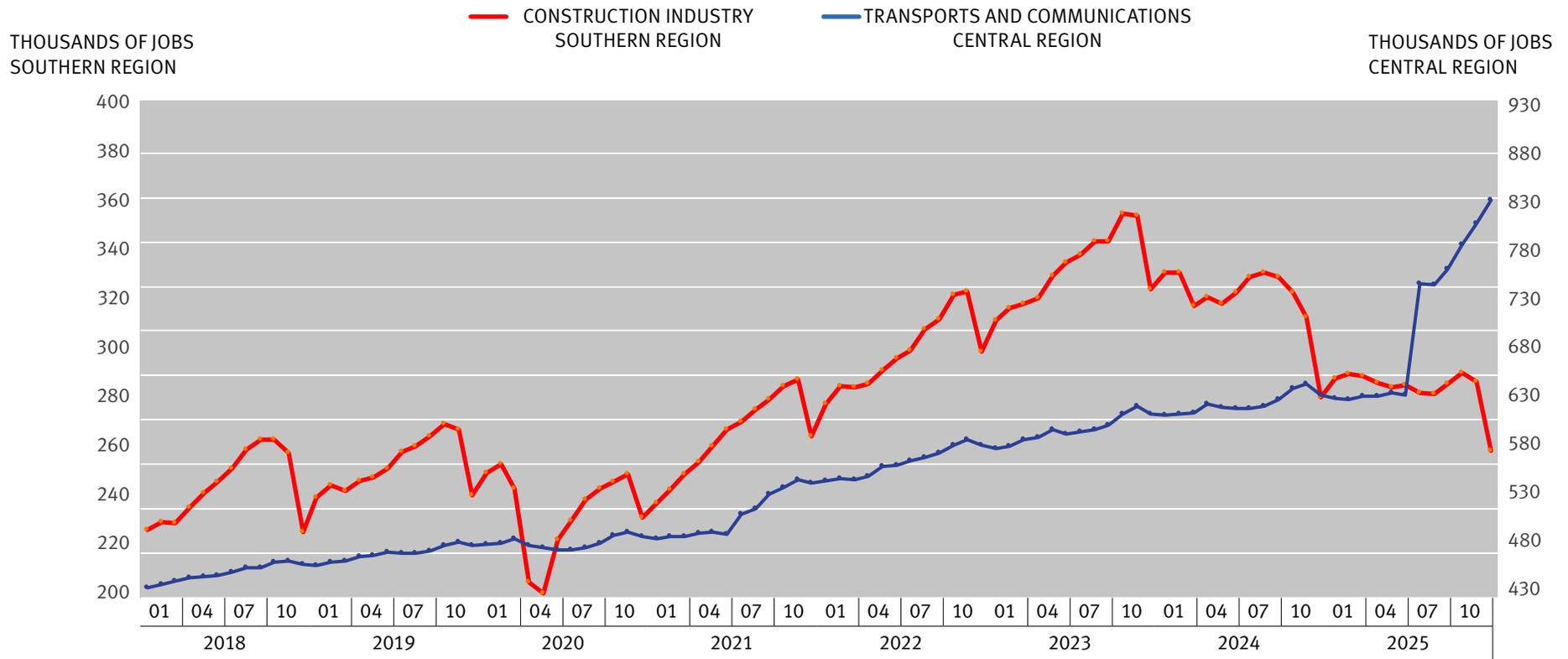
Image: "Didi, Uber, Rappi and other digital platforms have to offer medical insurance | IA Discover" at <https://www.milenio.com/comunidad/trabajadores-plataformas-digitales-ya-pueden-registrarse-imss>

October 2024 and the same month of 2025, the wage bill grew by 4.3% in real terms, as a result of a 3.5% increase in wages (14.7 pesos of 2018 per wage earner) and a 0.75% increase in formal employment. IMSS-registered wages have grown, but jobs have not. In other words, the increase in the formal wage bill is explained mainly by higher wages (81.6%) and to a lesser extent (18.4%) by the creation of formal jobs. The wage bill is decelerating due to slower formal job creation.

Meanwhile, the South of the country –the previous-ly dynamic region of the economy over the prior six

*On July 1, 2025, the pilot program for registering digital platform workers with the Mexican Social Security Institute (IMSS) began. Strictly speaking, this does not represent new jobs, but rather the recognition of the employer-employee relationship.*

GRAPH 17. JOBS REGISTERED IN THE IMSS IN THE CENTER (TRANSPORT AND COMMUNICATIONS) AND SOUTH (CONSTRUCTION REGIONS) (JANUARY 2018–DECEMBER 2025) (THOUSANDS OF JOBS)



Source: In-house elaboration with information from IMSS.

The in wage prima in way exten forma

years— shows the largest relative contraction due to the sharp loss of employment in the construction sector (–8.2%, or –23.8 thousand jobs) (IMSS, 2025). In October 2023, when construction activity was sustaining national growth, the Southern region had as many as 372.9 thousand formal jobs in the construction sector. Since then, the cumulative loss is –28.6%, or –106.8 thousand jobs in that sector (IMSS, 2025). The completion of the most emblematic projects of the Lopez Obrador administration reduced formal employment in the South of the country.

Employer registration shows the sharpest decline on record. In November 2023, employer registrations reached a historic high of 1,077,883 employers; by December 2025, that figure stood at 1,029,280 employers (IMSS, 2025). During the final phase of the previous administration and throughout the first year of Sheinbaum’s administration, employer registrations fell by –4.5%, or –48.6 thousand employers. The most affected states are: Baja California (–11.3%, or –5,092 employers), Tamaulipas (–9.7%, or –3,290 employers), Sinaloa (–9.5%, or –4,166 employers), Guerrero (–8.5%, or –1,130 employers), Sonora (–8.3%, or –3,226) and Veracruz (–8.2%, or –3,580 employers) (IMSS, 2025). In general, the North and North–West regions show the largest de-

clines, –5.8% (–16,006 employers) and –7.3% (–7,202 employers). The Center and Center–North regions are the least affected; however, together they account for 31.1% of the total decline (IMSS, 2025).

The loss in employer registrations is concentrated among the smallest firms. Employer registrations with one job and with between 2 and 5 jobs account for most of the contraction (78.6% of the total, or –38,224 employers). Likewise, the relative change is the largest at –4.4% (–12,861 employers) and –6.3% (–25,363 employers), respectively (IMSS, 2025). These are followed only by registrations with 6 and up to 50 jobs (–3.2%, or –10,053 employers). In sum, the contraction in employer registrations is explained 99.3% (–48,277 employers) by registrations ranging from one to 50 jobs (IMSS, 2025).

### 3.2.4 PRODUCTIVITY: THE MEXICAN COUNTRYSIDE TO THE RESCUE OF THE ECONOMY—DOES THAT MAKE SENSE?

The Mexican economy has advanced slowly, while the employed population and hours worked have increased more rapidly. Between the fourth quarter of 2018 and the third quarter of 2025, the increase in the employed population (11.8%) and in total hours

*The loss in registered employers is concentrated in smaller companies. Employers with one job and those with between two and five jobs account for the majority of the contraction (78.6% of the total, or –38,224 employers).*

worked (9.8%) far outpaced the growth of economic activity (5.8%)<sup>53</sup>. The Mexican economy is absorbing more workers and they are working more hours than in the past, yet contributing less to GDP. Faster growth in hours worked in exchange for slower growth in output (GDP) over the same period translates into lower productivity. In other words, a worker needs more hours (or a larger fraction of hours) to produce the same good or service than in the past.

Over the last seven years, productivity in the Mexican economy has undergone a severe process of deterioration. Between the fourth quarter of 2018 and the third quarter of 2025, labor productivity—measured by the employed population and by total hours worked—fell by 5.4% and 3.5%, respectively. The decline in labor productivity, under either measure, began in the first quarter of 2018 and had already stagnated a year earlier. The drop in productivity was already noticeable by the fourth quarter of 2019 (prior to the health crisis). As happened worldwide, the health crisis very likely exacerbated the low-productivity problem. The level of productivity—measured by employed personnel—remains near the levels observed during the 2008–2009 financial crisis (1% above) (Graph 18).

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<sup>53</sup> The figures presented in this section have been seasonally adjusted using econometric methods for proper analysis.

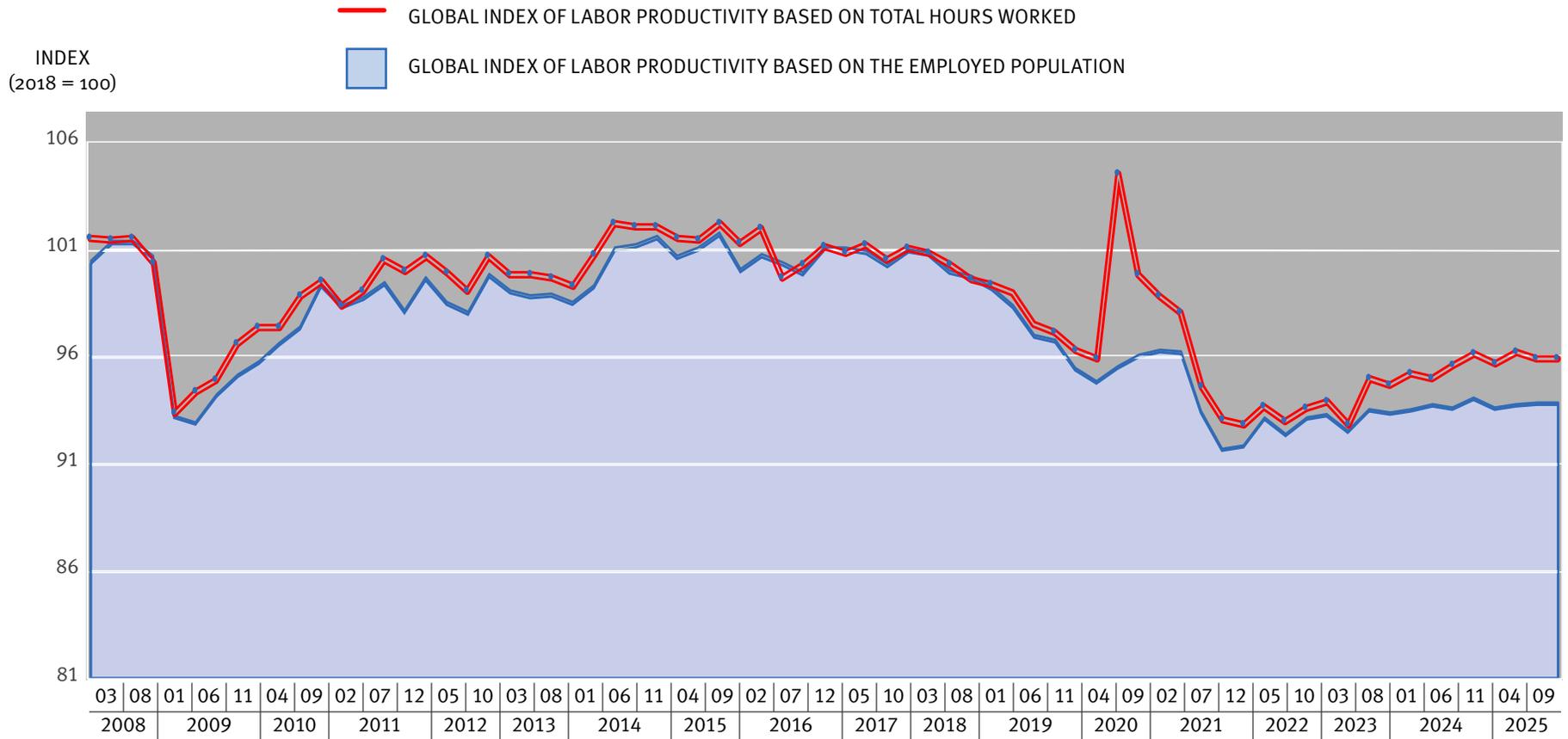
The productivity crisis is not new and, furthermore, it has a clear pattern: it is concentrated in secondary and tertiary activities, exactly where most of the urban and industrial added value is generated. Between the last quarter of 2018 and the third quarter of 2025, labor productivity measured by personnel employed in secondary and tertiary activities fell –5.9% and –7.9%, respectively. However, the most severe deterioration is in the secondary schools, not only because of its magnitude but also because of its duration: the fall began in mid–2012 and, since then, it has accumulated a drop of –20.3%. On the other hand, the decline in tertiary activities is more recent: it began in mid–2018 and, between the first quarter of 2018 and the third quarter of 2025, the accumulated variation is –9.9%. In short, the economy has had a prolonged productivity crisis in industry and construction for 14 years and eight years of deterioration in services and commerce; a persistent wear and tear that limits growth potential even as employment increases.

In the last 14 years, the productivity of the economy has not fallen to a greater extent due to the increase in the productivity of primary activities. While secondary and tertiary activities show drops in productivity, primary activities increase their productivi-

*The productivity crisis is not new and, moreover, it has a clear pattern:*

*it is concentrated in secondary and tertiary activities, precisely where most urban and industrial added value is generated.*

GRAPH 18. LABOR PRODUCTIVITY BASED ON THE EMPLOYED POPULATION AND TOTAL HOURS WORKED  
(SEASONALLY ADJUSTED SERIES (2018 = 100))



Source: In-house elaboration with information from INEGI.

ty. Between the last quarter of 2018 and the third quarter of 2025, labor productivity based on total hours worked and the total employed population in primary activities has increased by 22.9 and 18.6%, respectively. In the opposite direction to the rest of the activities, since the end of 2011, primary activities have maintained an upward trend in productivity (Graph 19).

Since early 2024, Signos Vitales has viewed productivity statistics with caution. Between the fourth quarter of 2018 and the third quarter of 2025, primary activities employ fewer workers (-5.3%) and also record fewer hours worked (-9.5%). Yet output grew by 14.1%. The increase in productivity in primary activities results from higher output alongside a smaller number of employed persons or hours worked. The opposite occurs in tertiary activities: hours worked and employed personnel grew by 15% and 16.9%, respectively, but output increased by only 7.7%. These statistics may be inconsistent with prior studies on the subject. In light of the economic analysis, the following observations should be made:

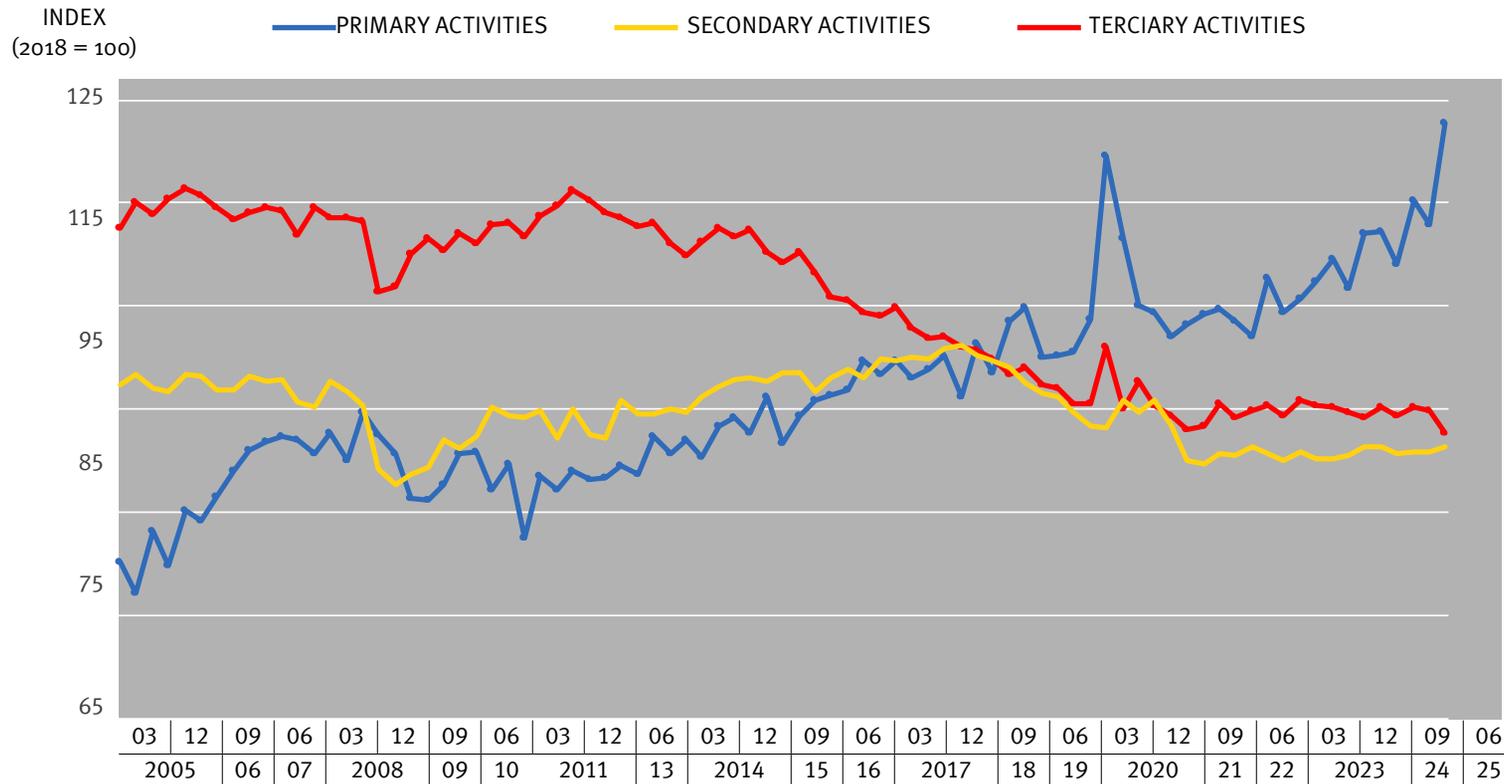
» The statistics indicate that productivity is higher in activities with a higher degree of informality (primary). By contrast, productivity has fallen in acti-

vities with higher rates of formality (services and industry).

- » The decline in the employed population in the primary sector should have been offset by inflows of capital and technology. In other words, Mexico employs fewer people, but it should have a more technified primary sector and more skilled personnel. Output grows per employed person, even as staffing trends downward.
- » Moreover, primary activities have proven resilient to climate change. Water scarcity and the La Niña and El Niño phenomena have not affected the level of output and productivity in the Mexican countryside. Is this information consistent with figures for the consumption of non-durable goods?
- » The volume of Mexican exports has increased across various branches of the economy, mainly non-automotive manufacturing. This increase in output would imply productivity gains in secondary activities, especially when employment does not grow at the same pace. Otherwise, the question arises: if workers in export manufacturing are less productive, then who is?
- » Pemex, a company with substantial weight within secondary activities, could be significantly affecting the aggregate productivity measure. Its low

*The increase in productivity in primary activities is a result of increased production and a lower number of people employed or hours worked. The opposite is true for tertiary activities: hours worked and the number of people employed grew by 15% and 16.9%, respectively, but production only increased by 7.7%.*

GRAPH 19. LABOR PRODUCTIVITY BASED ON THE TOTAL EMPLOYED POPULATION BY ECONOMIC ACTIVITY  
 FIRST QUARTER OF 2005–THIRD QUARTER OF 2025 (SEASONALLY ADJUSTED SERIES, 2018 = 100)



Source: Vital Signs calculations with information from INEGI.

productivity—thousands of employees producing less and less—distorts (downward) the productivity statistics for the industrial sector as a whole.

### 3.3 Claudia Sheinbaum's first year: discursive continuity and deteriorating investment

#### 3.3.1 CONFIDENCE TO INVEST IN MEXICO: THE DISCOURSE HAS RUN ITS COURSE AND GOOD INTENTIONS ARE NOT ENOUGH

Confidence to invest in Mexico remains at historically low levels. In December 2025, 0% of private-sector

economic specialists surveyed by the Bank of Mexico (Banxico) considered it a good time to invest in the country. By contrast, 49% of the specialists consulted considered it a bad time to invest and the remaining 51% were not sure. The only precedent for such a bleak scenario occurred during the pandemic: in April 2020, 0% of specialists considered it a good time to invest, while 100% considered it a bad time. By the end of 2025, there was not a single specialist with full confidence to invest in Mexico; uncertainty was the constant.

The federal elections of June 2024 were a turning point for investment confidence. In March 2024, confidence to invest reached a peak of 46% among surveyed specialists and from that point onward confidence fell sharply. By June 2024, 10% of respondents considered it a good time to invest and by September 2024 only 5% did so, while 66% determined it was a bad time. That month, the Congress of the Union began its sessions, in which Morena and its allies (the Labor Party and the Green Ecologist Party of Mexico), with the addition of Miguel Angel Yunes Marquez<sup>54</sup>

<sup>54</sup> At the time of the vote, Senator Miguel Angel Yunes Marquez was a member of the Parliamentary Group (GP) of the National Action Party (PAN). In the session of February 19, 2025, said Senator communicated his willingness to join the GP-Morena.

*In December 2025, specialists considered that public insecurity (19%), foreign trade policy (15%), the weakness of the domestic market (9%), other problems of lack of rule of law (8%) and corruption (7%) represented the main obstacles to growth.*

in the Senate, obtained a qualified majority<sup>55</sup>. That legislature enacted constitutional reforms, among which the Judicial Reform and the extinction of seven constitutionally autonomous bodies stand out. Economic specialists viewed Morena's so-called supermajority in Congress with distrust.

The consolidation of the Judicial Reform—already under Claudia Sheinbaum's administration—significantly weakened the willingness to invest in Mexico. According to the Business Expectations Survey (EEE), in the second half of 2025, 81% of business leaders in Mexico considered the Judicial Reform negative; within this group, 36% viewed it as very negative and another 45% as negative. Only 2% of business leaders evaluated the reform positively (IPADE, December 19, 2025). The U.S. elections took place two months after this reform. Confidence to invest in Mexico had been declining since early 2024, experiencing a momentary mirage generated by the purported arrival of new investments (which never occurred).

The perception of Mexican business leaders aligns with that of economic specialists. According to Co-

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<sup>55</sup> With the majority in both Chambers (at least two-thirds of the congressmen) the Mexican State made modifications to the Constitutional order, before Claudia Sheinbaum's mandate began, without any counterweight.

parmex (the Employers' Confederation of the Mexican Republic), only 39.5% of firms consider that the country offers favorable conditions for investment. This share is similar to what the organization reported during the health crisis and is significantly lower than the 50% average observed between 2021 and 2023 (Coparmex, January 14, 2026)<sup>56</sup>. Toward the end of 2025, Mexican business leaders maintained the same level of investment confidence as during the pandemic.

Corporate decision-makers are acting more cautiously when investing. The EEE for the second half of 2025 indicates that 35.2% of respondents<sup>57</sup> consider it a good time to invest, the lowest proportion since the survey began. According to IPADE, the setback is substantial: it represents a cumulative decline of 19.2% relative to the first half of 2024, when 54.4% maintained a favorable outlook. In practical terms, one in three business leaders who previously planned to invest has backed off (IPADE, December 19, 2025).

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<sup>56</sup> The survey was carried out from August 20 to October 20, 2025 in 71 Business Centers, with the participation of 3,850 companies in the 32 states.

<sup>57</sup> The Survey is carried out by professors from IPADE (Pan American Institute of Senior Business Management) to businessmen who graduated from said institution (1,477 at the time of the survey). This survey has been carried out every six months since 2020.

*The consolidation of the Judicial Reform under the Sheinbaum administration significantly dampened the enthusiasm for investing in Mexico. According to the Business Expectations Survey (EEE), by the second half of 2025, 81% of business leaders in Mexico considered the Judicial Reform negative, with 36% viewing it as very negative.*

Business sentiment stands at one of the lowest levels on record for comparable data. The Monthly Business Opinion Survey (EMOE) shows there was a window of opportunity between January 2023 and January 2024; however, business sentiment began to collapse from the start of 2024, especially in the services and construction sectors. The pattern was replicated at the sectoral level: all sectors surveyed by INEGI show a clear downward trend in investment confidence, with greater resilience in private non-financial services (4% above the December 2018 level) and a delayed decline (second quarter of 2024) in manufacturing. In December 2025, confidence levels in commerce, construction and manufacturing are -3%, -21% and -15% below the December 2018 level. Since early 2024, a downward trend in business confidence indicators has consolidated and tends to intensify.

The various surveys converge not only in time (timing), but also in the factors shaping the confidence crisis. According to the surveys consulted in this section, two conditions are pressuring decision-making: rising public insecurity and economic uncertainty. While the tariff environment and trade policy significantly affect the latter condition, economic specialists also observe weakness in the domestic market.

In December 2025, specialists considered that public insecurity (19%), foreign trade policy (15%), weakness in the domestic market (9%), other rule-of-law shortcomings (8%) and corruption (7%) were the main obstacles to growth. Specialists, business leaders and private-sector decision-makers clearly distinguish between structural problems—such as insecurity and domestic-market weakness—and cyclical factors (foreign trade policy).

Graph 20 shows that investment confidence improves temporarily between 2023 and early 2024, but falls sharply from 2024 onward. The decline is broad-based across sectors, with particularly pronounced drops in services and construction. Taken together, the index reflects a deterioration of expectations relative to the December 2018 baseline (=100), with seasonally adjusted series.

### 3.3.2 PERCEPTIONS AND FACTS CONVERGE: A GOVERNMENT WITHOUT RESOURCES AND PRIVATE-SECTOR DISTRUST

Over the past seven years, investment absorption in Mexico has advanced at a slower pace than in the previous three decades. Between 1993 and 2018, gross fixed capital formation (GFCF) (investment in

*In December 2025, the confidence level of the trade, construction, and manufacturing sectors was -33%, -21%, and -15% below the level of December 2018. Since the beginning of 2024, a downward trend in business confidence indicators has been consolidating and tending to worsen.*

infrastructure and in machinery and equipment) recorded an average annual growth rate of 2.3%. For the years 2018 to 2024, GFCF grew at an average annual rate of 1.7%. In the cumulative period from January to September 2025, that investment contracted by -7.2% year-on-year (-443.1 2018 pesos). Over the same period, Mexico's GDP grew by 0.12% (30.1 pesos). However, if in 2025 fixed investment had remained at the same level as in 2024 (0% growth, i.e., 6.13 trillion 2018 pesos), GDP could have grown by around 1.9%. In the first year of Claudia Sheinbaum's administration, the weak performance of the Mexican economy is explained, to a large extent, by the decline in physical investment –public and private– under her leadership.

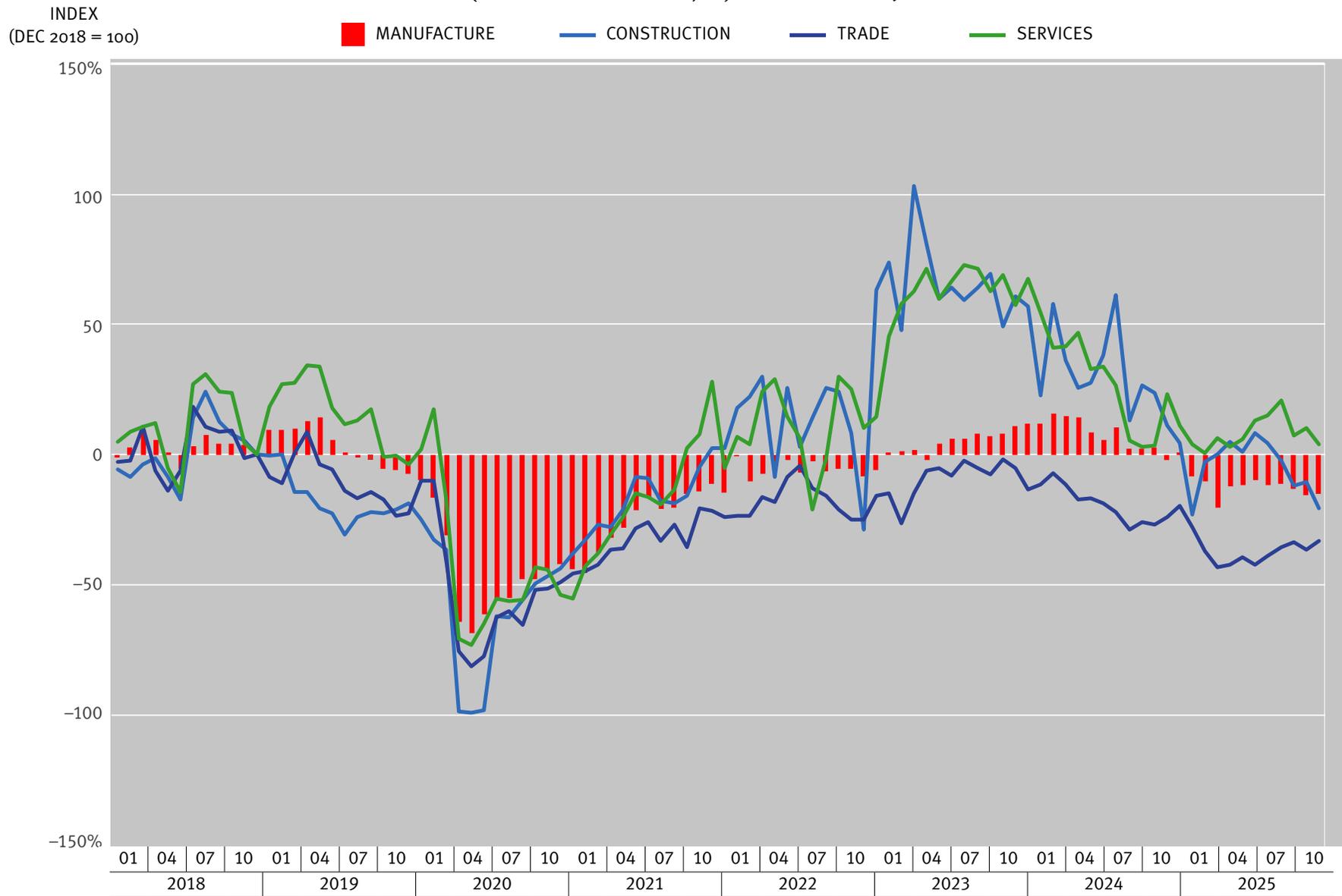
If the trend is confirmed by the end of 2025, the decline in investment would be the most severe recorded in a year without an identifiable external crisis. In economic terms, the first year of Lopez Obrador's administration was marked by the cancellation of the NAICM (New International Airport of Mexico City), when GFCF fell by -4.4% (-246.9 2018 pesos). If in 2025 the trend continues downward through the last quarter of the year and excluding the health crisis of 2020 (annual change of -17.2%), in the first year of Sheinbaum's administration investment will show the largest contrac-

*By the end of 2025, the drop in investment would be the most severe recorded in a year without an identifiable external crisis.*



*Image: "President Claudia Sheinbaum celebrates initial investment of American enterprises in Mexico for more than 20 billion dollars for 2025. 15 oct 2024" at <https://www.gob.mx/presidencia/prensa/presidenta-claudia-sheinbaum-celebra-inversion-inicial-de-empresas-estadounidenses-en-mexico-por-mas-de-20-mil-mmd-para-2025>*

GRAPH 20. INVESTING CONFIDENCE INDEX (2018 – 2024) BY SECTOR OF THE ECONOMY  
 (DECEMBER 2018 = 100, %) SEASONALLY ADJUSTED SERIES



Source: In-house elaboration with information from INEGI.

tion since the financial crisis of 2008–2009 (–11.9% or –609.4 2018 pesos) (Graph 21).

Public investment has collapsed due to cuts in capital spending on construction. In 2025, 56% of the decline in investment is explained by the contraction of private investment and the remaining 44% by public investment. Between January and September 2025, private investment fell by –4.8% (–248.2 2018 pesos), while public investment fell by –20.2% year-on-year (–194.8 2018 pesos). In turn, public investment declined due to lower spending on construction (–30.8% year-on-year, or –204.9 2018 pesos). Between 2018 and 2024, public investment grew by a cumulative 36.9% (average annual change of 5.4%) and 24.6% of that growth was explained by investment in construction (an increase of 64.7 2018 pesos). By contrast, private construction remains at the same level as last year (growth of 0.0004%, or 8.5 million 2018 pesos). The decline in construction investment is explained –entirely– by the fall in public capital spending.

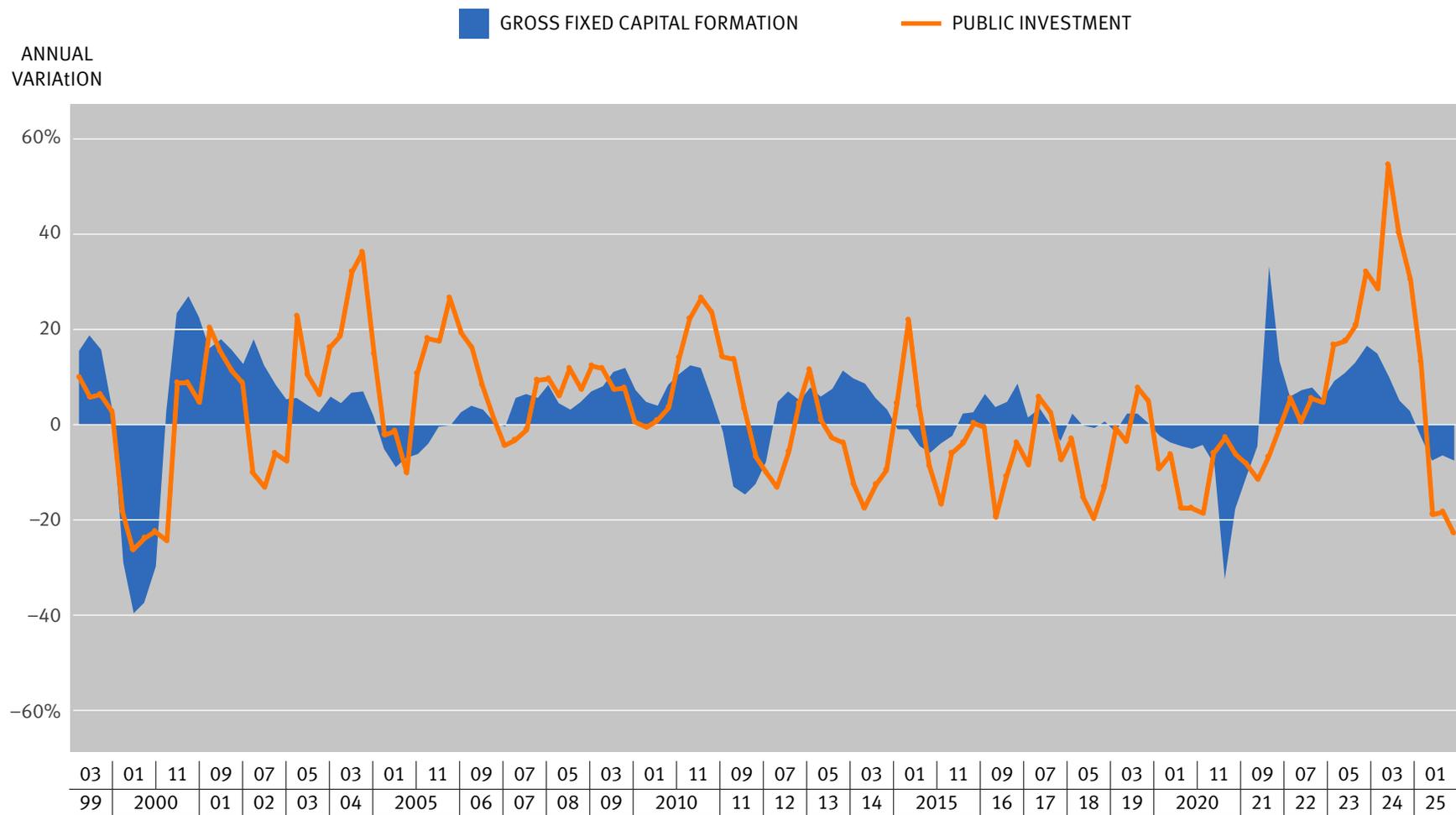
The machinery and equipment component partially cushioned the aggregate contraction in investment. In the last year of Lopez Obrador’s presidency, investment increased by 32.5% and 67.2% of that advance is explained by the 113.5% growth (160.8 2018 pesos)

in the machinery and equipment component. This is growth (both relative and absolute) unseen in modern Mexican economic history, primarily because private actors –not governments– are typically the main importers of capital goods. In the cumulative period from January to September 2025, the public sector maintained a positive growth rate (3.4% year-on-year, or 10.1 2018 pesos) in the acquisition of machinery and equipment. In 2025 to date, the public machinery and equipment component has decelerated; however, it is doing so from atypical and historically elevated levels. Over the last three years, the public sector has contributed disproportionately to the expansion of capital-goods imports.

The private sector has cut back its investment in machinery and equipment and construction remains stagnant. Under Lopez Obrador’s administration, the cumulative growth of private investment was 7%. The expansion of private investment (cumulative change of 8.7%, or an average annual rate of 1.1%) was similar to that of the economy as a whole and was concentrated in the acquisition of machinery and equipment (65.6% of the growth, or 222.9 2018 pesos). In 2024, the private sector began to reduce its investment in machinery and equipment (–1.7% year-

*In December 2025, specialists considered that public insecurity (19%), foreign trade policy (15%), the weakness of the domestic market (9%), other problems of lack of rule of law (8%) and corruption (7%) represented the main obstacles to growth.*

GRAPH 21. ANNUAL GROWTH OF GROSS FIXED CAPITAL FORMATION (TOTAL AND PUBLIC) (%)  
 (FIRST QUARTER OF 1994–THIRD QUARTER OF 2025) SEASONALLY ADJUSTED SERIES



Source: In-house elaboration with information from INEGI.

on-year, or -47.3 2018 pesos) and in 2025 to date the trend has intensified (-9.0%, or -248.3 2018 pesos). If the result is confirmed at year-end—and excluding the health crisis (-18.3% year-on-year)—this will be the second-worst outcome since the financial crisis of 2008–2009 (-19.1% year-on-year). In 2025, the decline in private investment is driven by the collapse in machinery and equipment investment and the stagnation of construction (zero growth).

Between 2018 and 2024, machinery and equipment investment showed signs of erosion and in 2025 it ultimately collapsed. Between 2018 and 2024, machinery and equipment accounted for 70 of every 100 pesos invested in the country. This investment was mostly imported (76.6% of the total): between 2018 and 2024, imported machinery and equipment investment grew cumulatively by 20.2% (322.6 2018 pesos) (average annual change of 3.1%). Although import growth exceeded that of many other macroeconomic variables, it remained below the historical average (1993–2018) of 7.3% per year. Nevertheless, and in particular, between 2018 and 2024 the importation of transport equipment posted atypical growth (61.7%, or 103.2 2018 pesos) (average annual change of 8.3%). In 2025, the trajectory of investment in imported capital goods has reversed: imports of capital

goods fell by -7.1% (-134.7 2018 pesos). In 2025, investment in imported capital goods could not be sustained after showing signs of exhaustion since Lopez Obrador's administration.

Regardless of origin, the decline in investment in capital goods is widespread. Between 2018 and 2024, investment in domestically produced machinery and equipment grew cumulatively by 9.2% (average annual change of 1.5%). Although these goods contributed less to capital formation (between 2018 and 2024 they accounted for 16.3% of total investment), growth was below the historical average (1.9% per year). In this regard, phenomena such as vehicle smuggling and the importation of semi-used heavy-duty vehicles (illegally introduced) affected the domestic market. In 2025, the already weak performance of the domestic market reversed and the acquisition of domestically produced capital goods and transport equipment fell by -9.0% (-103.5 2018 pesos) and -11.7% (-69.1 2018 pesos), respectively. Without entering a recession, without a currency crisis that would raise the cost of imports and regardless of the origin of the goods, in 2025 the acquisition of capital goods collapsed (-7.8% year-on-year).

Mexico is attempting to revive housing construction,

*From January to September 2025, the public sector maintained a positive growth rate (3.4% annually, or 10.1 billion pesos) in the acquisition of machinery and equipment. However, this growth has slowed so far in 2025, remaining at atypical and historically high levels.*

*The private sector contracted its investment in machinery, and this trend worsened so far in 2025 (-9%, or -248.3 billion pesos compared to 2018).*

but progress is very slow. Between 2018 and 2024, construction investment was underpinned by “other buildings and structures,” with cumulative growth of 25.1% (or 347.2 2018 pesos) (average annual change of 3.8%), while housing recorded a cumulative decline of -10.9% (-165.6 2018 pesos). In 2025, the outcome is the opposite: “other buildings and structures” posted a decline of -17.1% (-295.8 2018 pesos) and housing construction grew by 6.7% (90.9 2018 pesos). Even with this growth, housing investment will remain approximately -5.9% (-90.3 2018 pesos) below the level observed in 2018. Between 1993 and 2018, the average annual growth of housing investment was 1.9%. Over these five decades, housing construction went through the severe financial crisis of 2008–2009 (-11.6% year-on-year), followed by a long period of recovery: in 2017, housing construction regained the level observed in 2008. In 2025, growth in housing construction will be insufficient to recover from the setback observed over the last six years (Graph 22).

The capital stock of the Mexican economy is undergoing considerable wear. Although gross fixed capital formation (GFCF) has declined, this indicator ceases to capture the deterioration of the installed capital base. In this sense, the pace at which capital deteri-



*Image:* "Anpact predicts a less negative year than 2025, with growth of close to ten percent in the sale of heavy trucks." at <https://www.milenio.com/negocios/mercado-de-vehiculos-pesados-en-mexico-cae-31-por-ciento-en-2025>

orates must be at least equivalent to its replacement rate: between 2018 and 2024, gross capital formation (additional capital) fell from 5 trillion 676.1 pesos (its historical peak) to 4 trillion 823.9 pesos (after adjusting for inflation, in 2018 prices) (cumulative change of -15%). Between 2018 and 2022, the downward trend was sufficiently clear, with a slight upward adjustment in 2023. In other words, additions to the economy's capital stock weakened year after year.

Over the same six-year period, depreciation of the Mexican economy's capital stock (consumption of

*Without entering a recession, without a currency crisis that makes imports more expensive, and regardless of the origin of the goods, in 2025 the acquisition of capital goods plummeted (-7.8% at an annual rate).*

installed fixed capital) increased from −4 trillion 468.6 pesos to −5 trillion 5.3 pesos (in 2018 prices). The economy's assets continued to depreciate, but at a faster pace, while capital additions (machinery and equipment and construction) became progressively smaller. As a result, between 2018 and 2024 the Mexican economy's Net Capital Formation (NCF) (gross formation minus depreciation) moved from 1 trillion 207.5 pesos to −181.4 pesos. Since records began (2003), NCF has shown negative figures only in 2020, when it fell to −191.1 pesos (the lowest level on record) and in 2024.

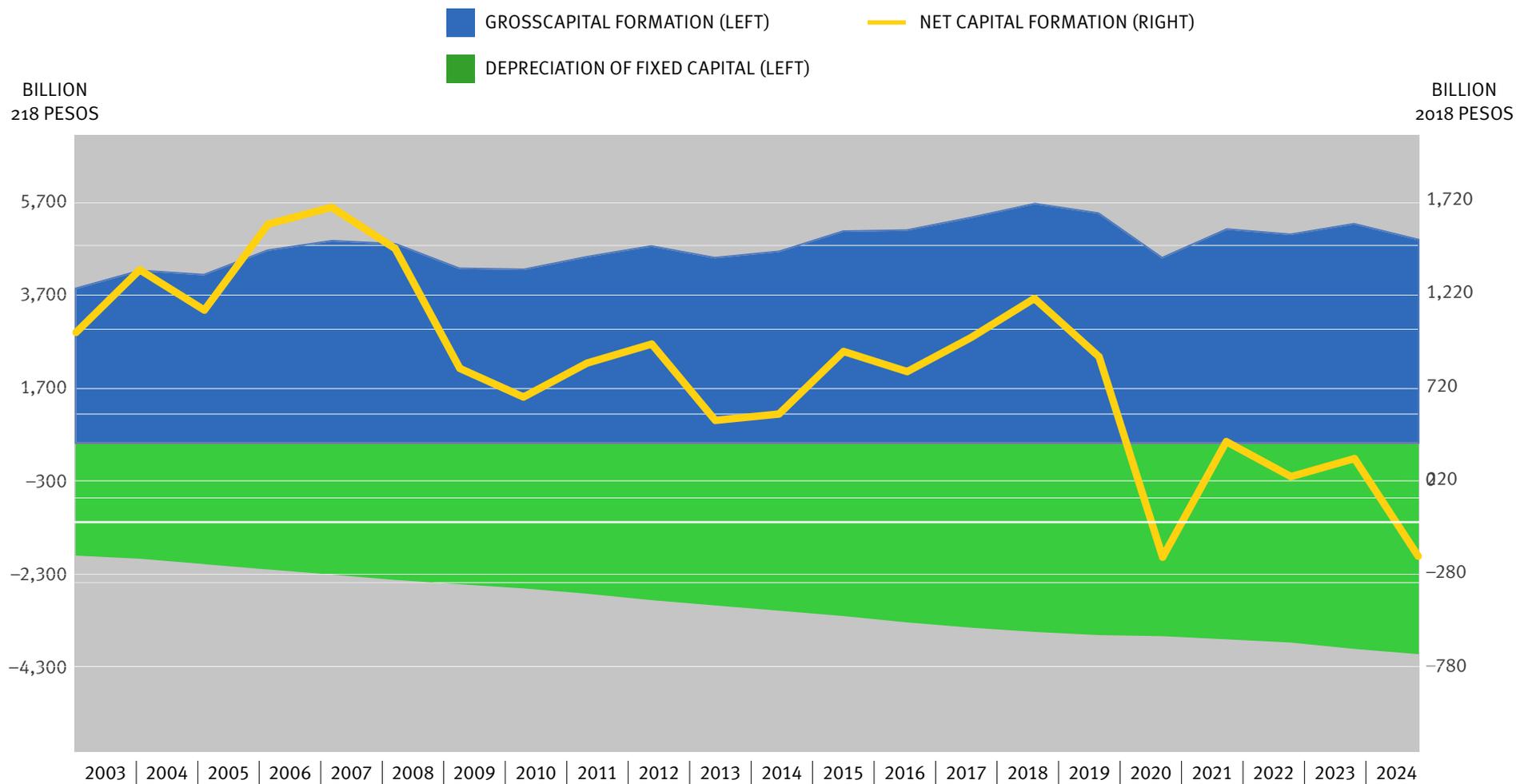
The data confirm what we have already documented: existing infrastructure is sufficiently deteriorated that it has stopped adding value to the economy. As has been emphasized, the statistics reveal a profound structural crisis in infrastructure. This outcome was not observed during the 2008–2009 crisis, despite its strong impact on the construction sector. In 2020, the supply shock ultimately affected investors' expectations, which in turn reduced capital flows (−19.4% year-on-year). However, in 2024 there was no such crisis (in the strict statistical sense), yet depreciation continued and flows declined by −7.5% in real terms. The country's infrastructure is becoming obsolete faster than the capital additions that could

*In 2025, growth in housing construction will be insufficient to recover from the decline observed in the last six years.*



*Image:* Housing construction at <https://www.eleconomista.com.mx/econohabitat/Produccion-de-vivienda-en-su-nivel-minimo-de-los-ultimos-nueve-anos-20230213-0109.html>

GRAPH 22. NET CAPITAL FORMATION, DEPRECIATION OF FIXED CAPITAL AND GROSS CAPITAL FORMATION  
(2003–2024) (BILLIONS OF 2018 PESOS)



Source: Estimates of Vital Signs with information from Annual Institutional Sector Accounts (CSI).

replace it.

Machinery, vehicles, buildings, roads, railways, airports, factories, housing, ports, power plants and dams –among other infrastructure that drives the country’s economic development– are becoming increasingly obsolete, are not being replaced at the necessary pace and with these ever more limited capacities the economy continues to produce roughly the same quantity of goods and services –an arrangement that appears unsustainable in the long run absent profound changes in infrastructure.

### 3.3.3 INVESTMENT BY REGION OF THE COUNTRY

The economy in the southern region of the country is in clear decline. Between the third quarter of 2025 and the same quarter of 2024, economic activity in the South, as measured by the Quarterly Indicator of Regional Economic Activity (ITAER), fell by –3.1% (Banxico, 2025). This region has accumulated seven consecutive quarters of declining economic activity. The South reached the highest level of activity on record in the fourth quarter of 2023. Between the fourth quarter of 2023 and the third quarter of 2025, cumu-

lative growth in the South is –5.5% (Banxico, 2025). The southern region is undergoing a prolonged recessionary period.

During Lopez Obrador’s administration, average growth in the southern region was 1.5% (Banxico, 2025). As we have noted in previous reports, for much of Lopez Obrador’s term the South was the country’s main engine of growth: between 2018 and 2023, the South accounted for 32.4% of total growth, well above the Center (19.2% of the total). Over the cumulative period 2018–2024, the North grew by barely 1% per year, while the Center and Center–North grew by 0.82% and 0.74%, respectively. In the last year, economic activity in the North fell by –1.2% (Banxico, 2025). The recent slowdown in national growth originates in the decline of output in the regions that contributed most to growth between 2018 and 2024 (the South and the North).

Between 2018 and 2024, growth in the South was driven by the construction boom. Under Lopez Obrador’s administration, construction growth was heterogeneous. In that administration, the Center–North and Center regions posted negative cumulative performance, –27.3% and –26.2%, respectively. By contrast, the North and South recorded cumula-

*Between 2018 and 2024, the Net Fixed Capital Formation (NFC) of the Mexican economy (gross fixed capital formation less depreciation) fell from 1 trillion 207.5 billion pesos to –181.4 billion pesos. Since records began (2003), NFC has only shown negative numbers in 2020, when it dropped to –191.1 billion pesos (the lowest level on record), and in 2024.*

checar

tive growth of 15.8% and 52.7%, respectively. Growth in the North is entirely attributable to private construction (cumulative change of 37.7%), given that public construction declined (-30.7%). In the South, by contrast, the sector depends entirely on public construction (cumulative change of 114%), as private construction contracted by -8.3% (Banxico, 2025).

The elimination of several federal budget programs will generate uncertainty. The South no longer has access to the resources it received prior to the termination of various budget programs and trusts under Budget Chapter 23 for public works with specific purposes: human development (Fonregion), disaster response and prevention (Fonden and Fopreden), municipal paving (*Fortalece*), public transport and non-motorized mobility (Metropolitan Fund), sports facilities and public lighting, financial sanitation, among other purposes. Historically, the South's infrastructure push has depended on the availability of federal public-sector resources.

The fiscal room for maneuver of subnational governments (states and municipalities) is limited: the South collects the equivalent of barely 6% of its total budget, while its operating expenditures represent around 88%. As a consequence of this disparity, the

*The economy in the south of the country is in sharp decline; it has experienced seven consecutive quarters of falling economic activity. Between the last quarter of 2023 and the third quarter of 2025, cumulative growth in the south is -5.5% (Banxico, 2025). The south of the country is going through a prolonged recession.*



*Image: "Quintana Roo faces a 7.5% fall in economic activity this 2025" at <https://elcongresista.mx/politica/quintana-roo/quintana-roo-caida-actividad-economica/>*

South has only between 6% and 8% of its budget available to carry out large-scale works or actions (Siguos Vitales, 2022). The South's public finances are not self-sustaining and depend on federal transfers to drive its economy through construction.

Most likely, growth in the South –particularly in construction– will return to its long-term path. The South has already accumulated eight consecutive quarters of declines in construction and is at a level similar to that of the lockdown (the lowest on record). By the third quarter of 2025, the level of activity stood only 0.4% above that observed in the third quarter of 2020. In the second quarter of 2025, the value of construction in the South fell by –53.6% year-on-year, the sharpest decline on record. This drop was accompanied by both components, public and private, at –65.3% and –16.4%, respectively. The infrastructure outlook is discouraging, especially for the country's most disadvantaged (Graph 23).

Regarding the North, according to information from Banxico,

*the executives consulted [in private construction] noted that activity linked to the remodeling, expansion and modernization of industrial buildings continued, although without significant growth in the*

*construction of new units* (Banxico, 2025, p. 19).

The same executives:

*indicated that persistent uncertainty stemming from trade tensions with the United States, together with the weakness of the manufacturing sector, generated an adverse environment for investment in industrial buildings, leading several firms to postpone or reduce the scale of their expansion projects. In the housing segment, executives warned that the lack of employment growth and the increase in housing prices observed during the quarter constrained households' purchasing capacity* (Banxico, 2025, p. 20).

### 3.3.4 NONSENSICAL DATA:

#### THREE YEARS OF HALF-TRUTHS ON INVESTMENT

The investment figures presented in this section contrast with the previous official publication. Up to the second quarter of 2025, the statistics published by INEGI indicated that for the 2018–2024 period private investment as a whole (machinery and equipment and construction) had increased cumulatively by 15.7% (2.5% annual average) or 761.7 pesos. Conversely, over the same period, public investment had contracted by –2.4% (–17.4 pesos). Consequently,

*The room for maneuver of subnational governments (states and municipalities) is limited: the South collects barely the equivalent of 6% of its total budget, but its operating expenses represent around 88%.*

*The South's finances are not self-sufficient and depend on federal transfers to boost its economy through construction.*

GFCF grew by 744.3 pesos, or 2.1% on average per year—an average close to the historical rate (2.3% per year) (INEGI, 2025). For nearly seven years, the official message was the same: businesspeople (domestic and foreign) trust Mexico as a destination for their investments; the data corroborate it.

Until the second half of 2025, the information published by INEGI and its statistical and economic analysis could be summarized in one conclusion: the truckloads of money that the federal government allocated to the flagship projects of the Lopez Obrador administration did not have a positive impact on the investment indicator—quite the opposite (cumulative growth of –12.8% or –78.1 pesos). By contrast, despite the crisis of confidence triggered from the outset by the cancellation of the NAICM<sup>58</sup>, private investment grew at a rate equivalent to the long-term trajectory (2.5% per year). Thus, during Lopez Obrador’s administration, it was the private sector that drove investment (Graph 24).

In keeping with the statistical analysis, for the past two years Signos Vitales<sup>59</sup> has made clear that the

<sup>58</sup> Among many other events that undermined investor confidence.

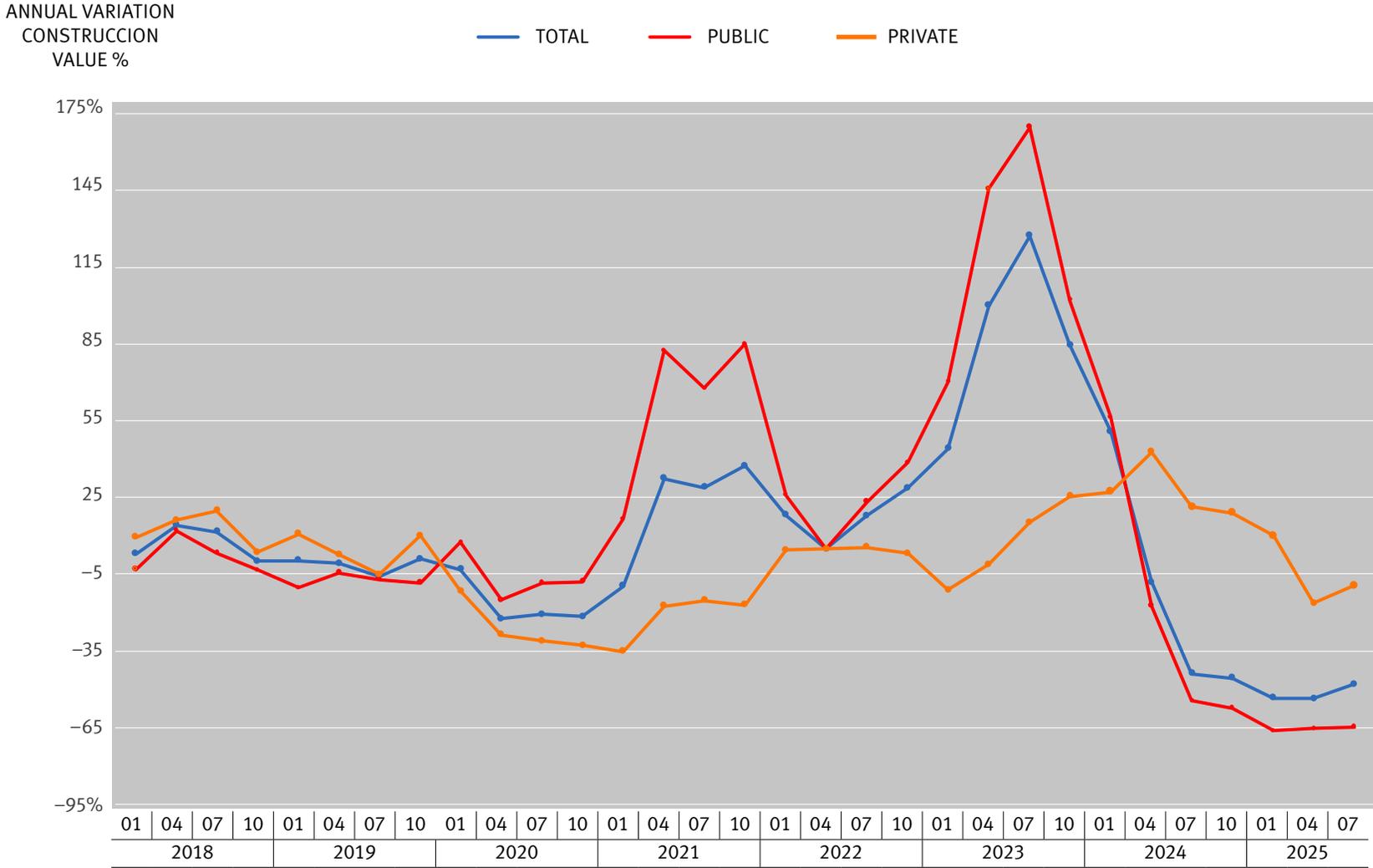
<sup>59</sup> For a detailed analysis you can see: Mexican economy under review.

investment information lacked coherence, as did the conclusions derived from it, from three angles: economic, budgetary and statistical/mathematical. With respect to the 2018–2024 period, the most recent updated (revised) data show—and make evident—the following:

- » The investment indicator (GFCF) was biased upward. For 2024, the reported figure was 6 trillion 316.4 pesos, but the revised figure stood at 6 trillion 174.8 pesos: a difference of 2.3% (141.7 pesos). Accordingly, the average annual growth rate for 2018–2024 falls from 2.1% to 1.7% and the cumulative increase declines from 744.3 to 602.6 pesos. In interpretive terms, the bias implied an overestimation of growth by 23.5% over the last six years.
- » In 2018–2024, private investment exhibited an upward bias of 124.1% (421.8 pesos), while public investment showed a downward bias of –280.2 pesos. In other words: greater private-sector dynamism was communicated than the revised data reflect and the public component was underestimated.
- » By component, the gap is clear: the private sector did not build as much as was claimed and the public sector imported and invested more than re-

*For almost seven years the official message was the same: businesspeople (national and foreign) trust Mexico as a destination for their investments, the data corroborates this.*

GRAPH 23. REAL VALUE OF PRODUCTION IN CONSTRUCTION (PUBLIC AND PRIVATE) IN THE SOUTH  
 (ANNUAL VARIATION, FIRST QUARTER OF 2018 – THIRD QUARTER OF 2025) (%)  
 (INDEX 2019 = 100, FIGURES WITH SEASONAL ADJUSTMENT)



Source: In-house elaboration with information from Banxico.

ported. In construction, an upward bias of 58.3% (105.8 pesos) was identified, concentrated in private construction, whose adjustment amounted to 248.6 pesos (212.6%) relative to the previous figure. In parallel, public investment in machinery and equipment turned out to be larger than reported, which explains a prior downward bias of -137.4 pesos. This is relevant because imports come from administrative records (customs declarations) processed through ANAM, whereas construction value is captured through surveys; therefore, the adjustment suggests a possible underreporting of the public component either at source or through contractors.

### 3.4 Economically, the data continue to raise questions

#### 3.4.1 HIGHER WAGES, LITTLE TO SHOW FOR IT: WHAT ABOUT PRIVATE CONSUMPTION?

In the cumulative period from January to September 2025, households and firms virtually maintained the same level of consumption as in the same period of 2024. Historically, private consumption is the largest component of economic activity: in the January–September 2025 cumulative period it is equivalent to 71% of GDP and 48.6% of aggregate demand. For that

reason, its dynamism functions as a vital sign of economic performance. However, in the cumulative period from the first to the third quarter of 2025, private consumption grew by only 0.07% (12.2 pesos) relative to the same period of 2024. In practical terms, the most important component of demand remained virtually stagnant and, moreover, advanced below the growth of the economy as a whole.

The first year of Claudia Sheinbaum's government recorded the lowest consumption growth rate of the last three decades. Between 2018 and 2019, the first year of the Lopez Obrador administration, private consumption grew 0.9%. By contrast, in the first year of the administrations of Vicente Fox, Felipe Calderon and Enrique Peña Nieto, private consumption grew at annual rates of 2.8%, 1.2% and 2.6%, respectively. The evidence suggests that, at the start of each federal administration, private consumption tends to lose momentum relative to the previous six-year term; however, Sheinbaum's first year will mark a minimum not seen since Ernesto Zedillo's first year, when consumption fell -6.1% annually in the context of the 1994–1995 crisis. Historically, consumption had shown lower sensitivity to changes in administration, but the current pattern points to a deeper break in its capacity to sustain growth.

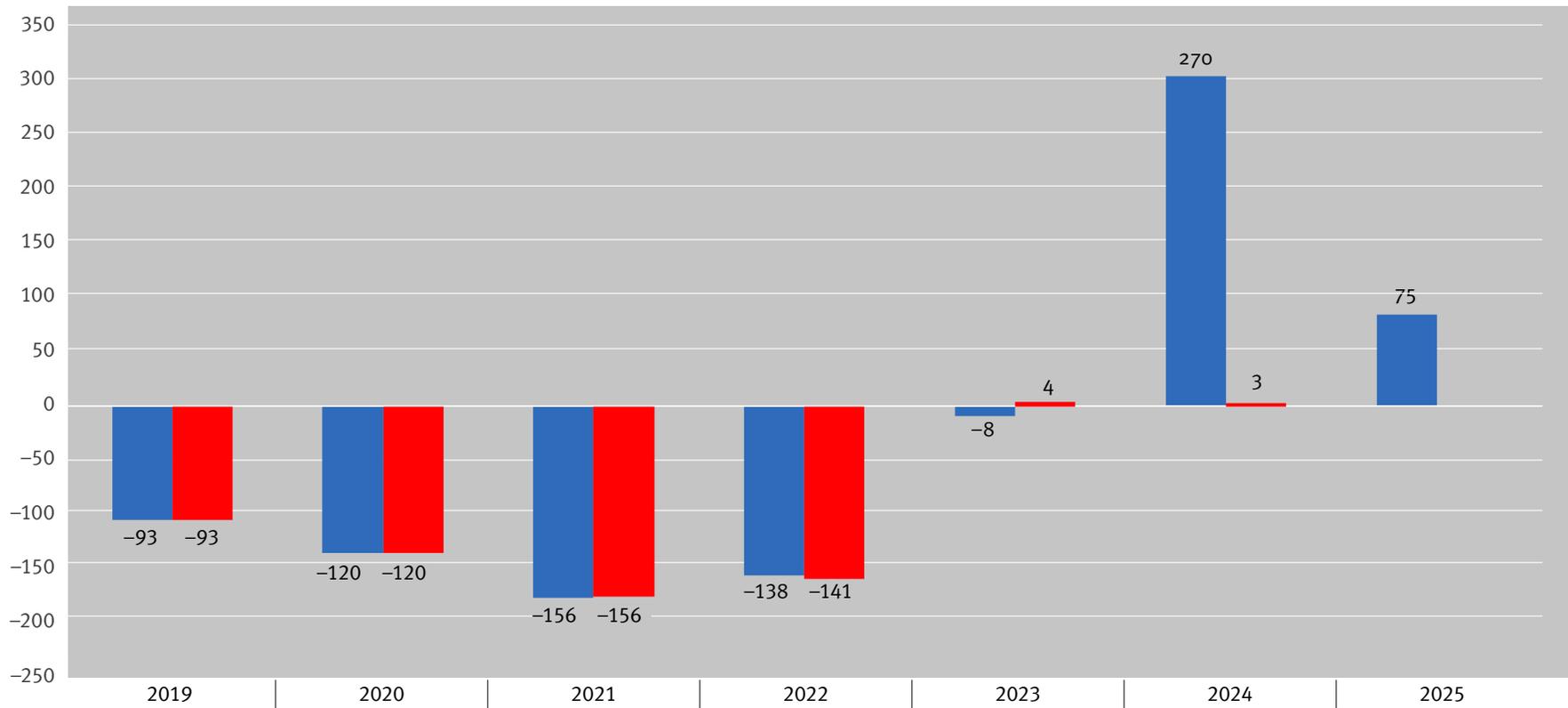
*The reform to the Tenth Transitional Article will reduce the retirement age for state workers to 53 years for women and 55 for men by 2034. This reduction will coincide with the increase in life expectancy, which is expected to rise from 75.5 to 77 years between 2024 and 2030, especially for women, and will put upward pressure on the cost of pensions.*

GRAPH 24. COMPARISON BETWEEN DIFFERENT INEGI PUBLICATIONS ON THE GROWTH OF GROSS FIXED CAPITAL FORMATION COMPARED TO 2018 (BILLIONS OF 2018 PESOS)

VARIATION  
COMPARED TO 2018  
(BILLIONS OF 2018  
PESOS)

■ GROSS FIXED CAPITAL FORMATION –PUBLIC  
(REVISED DATA)

■ GROSS FIXED CAPITAL FORMATION –PUBLIC  
(PRELIMINARY INFORMATION)



Source: In house elaboration with information from INEGI.

During the Lopez Obrador administration, the average annual growth of private consumption was 1.7%. If private consumption remains as it was up to the third quarter of 2025, then under Morena administrations private consumption will have grown by an average of 1.5% per year. Between 1993 and 2018, consumption grew at an average annual rate of 2.5%. Growth is so low that, in Claudia Sheinbaum's first year, government consumption contributed more to GDP (a change of 1.2% or 34.5 pesos) than private consumption. Under Lopez Obrador, consumption had already decelerated, but in Claudia Sheinbaum's first year it deteriorated further and moved away from its long-term trajectory.

The stagnation in private consumption is due to lower consumption of goods, both imported and domestic. Between January and September 2025, consumption of domestic and imported goods grew by -0.08% and -1.8%, respectively. Nationally produced services posted annual growth of 1% (76.9 pesos). The decline in imported-goods consumption is particularly striking. Between 2018 and 2024, consumption of imported goods grew at an average annual rate of 6.8%, even higher than the historical growth rate (1993-2018) (6.3%). The impact is more severe in the consumption of imported durable goods (-5.8% an-

nually or -45.3 pesos). In 2025, the loss in goods consumption -especially imported durables- was offset by the consumption of domestic services.

In 2025, Mexican households kept their food consumption almost unchanged relative to last year. In the cumulative period from January to September 2025, private consumption of non-durable goods (domestic and imported), such as food, grew by 0.3% (24.1 pesos) annually. In 2025, this spending category will represent 40.4% of household consumption. Of the increase in non-durable goods consumption, 84% is explained by higher consumption of imported non-durable goods (an annual change of 1.8% or 20.2 pesos). Between 2018 and 2024, consumption of imported non-durable goods grew at an average annual rate of 6.3%. In 2025, consumption of imported goods loses momentum, even in food consumption.

### 3.4.2 CONSUMER CREDIT

By the second quarter of 2025, consumer credit amounted to 2 trillion 197.1 pesos. This total is composed of 1 trillion 859.3 pesos in bank credit and 337.8 pesos in non-bank credit. In the same quarter, consumer credit represented 6.1% of GDP. This percentage is the second highest on record after that

*Sheinbaum's first year in office saw the lowest consumption growth rate in the last three decades.*

*The stagnation in private consumption is due to lower consumption of both imported and domestic goods.*

observed in the second quarter of 2020 (6.3%). However, that latter figure was observed as a result of the collapse in GDP during the lockdown (−20.5% year-on-year<sup>60</sup>).

Consumer credit went through a prolonged period of stagnation, which began one quarter before the lockdown. Since the fourth quarter of 2019, consumer credit remained under downward pressure: between the fourth quarter of 2019 and the first quarter of 2021, consumer credit fell from 5.4% to 4.9% of GDP (1 trillion 125.8 pesos in 2018 prices). Since then, the trajectory has been upward. It was not until the fourth quarter of 2023 that consumer credit recovered a level similar to that of the fourth quarter of 2018, 1 trillion 399.6 vs. 1 trillion 380.9 pesos (2018 prices).

In the first quarter of 2024, consumer credit's share (as a proportion of GDP) was similar to that observed in the fourth quarter of 2018, 5.6 vs. 5.8%. After a prolonged period of stagnation (four years), consumer credit remains at the highest level and proportion in modern history. The expansion of consumer credit is recent (the last seven quarters<sup>61</sup>). Between

<sup>60</sup> The variation is calculated from the seasonally adjusted series.

<sup>61</sup> Considering the credit observed in the last quarter of 2018 as a reference amount (baseline).

the fourth quarter of 2018 and the second quarter of 2025, consumer credit grew cumulatively by 14.4% in real terms (198.2 pesos in 2018 prices). The consumer credit expansion cycle began when the Mexican economy slowed.

During the Lopez Obrador administration, consumer credit grew cumulatively by 7.6%, only slightly higher than GDP growth and lower than the cumulative growth of private consumption (10.5%). Since records exist, the 2018–2024 period shows the weakest growth in consumer credit of the last four federal administrations (almost five five-year periods). The closest precedent was during Felipe Calderon's administration (2006–2012) (cumulative growth of 15.1%) (Banxico, s.f.c). In the first three quarters of Claudia Sheinbaum's administration, consumer credit grew by 6.2%. Credit growth is accelerating, but from an extremely low base of comparison.

The evidence is dealing a harsh blow to the wage policy of sustained real increases. While household incomes rise—at least in the data—household consumption is stagnant. In addition, households have greater access to credit than seven years ago.

### 3.5 Energy in Mexico:

*Between 2018 and 2024, consumption of imported non-durable goods grew at an average annual rate of 6.3%. In 2025, consumption of imported goods is expected to slow, including food consumption.*

## an implacable challenge

The Mexican economy is a bundle of ambiguities and contradictions, especially when it is analyzed from different perspectives –economic and energy-related– and as a whole. Trade is growing, domestically and internationally and with it the demand for logistics and transportation (freight and passengers); however, the consumption of petroleum products—gasoline and diesel—remains stagnant. In parallel, industry consumes much more electricity than it

*After a prolonged period of stagnation (four years), consumer credit remains at its highest level and proportion in modern history.*

*Between the last quarter of 2018 and the second quarter of 2025, consumer credit grew cumulatively by 14.4% in real terms (198.2 billion pesos in 2018). This expansion began when the Mexican economy slowed down.*

did seven years ago, yet manufacturing dynamism is barely noticeable.

The data suggest that, in Mexico, industry is demanding electricity “in excess,” while the transportation sector falls short in its demand for petroleum products (gasoline and diesel). In other words, there is a deficit that can only be offset by greater domestic production or by imports. In both cases, an imbalance emerges. In the first, it could translate into inefficiency, higher energy consumption and lower value added; in the second, stagnating consumption could be read as a signal of greater energy efficiency. At first glance, official information pushes us toward an ambiguity that is difficult to sustain: the electrified sector would appear more inefficient than the petroleum-based one.

The conjunction of these ambiguities provides an energy perspective on the so-called shadow economy. This section sets out the contradictions and shows how clarifying them makes it possible to understand phenomena previously underestimated—or deliberately ignored—such as expanding smuggling, its growing sophistication and the increasingly complex web of authorities and criminal structures (in different parts of the world) that sustains it. The line between

one and the other is so thin that it is difficult to delineate where authority ends and complicity begins. Since 2004 Mexico has faced energy-related risks and constraints; but over the last seven years these have worsened and today they compromise economic performance, public finances and the relationship with the United States.

### 3.5.1 THE WEIGHT OF ENERGY IN THE MEXICAN ECONOMY

Over the last seven years, the Mexican economy has advanced at an extremely slow pace, the manufacturing sector has barely registered, but the energy sector as a whole has suffered severe deterioration due to losses in economic participation, institutional strength and capabilities. To some extent, economic stagnation derives from the energy sector's lack of progress from two standpoints:

1. economically, the energy sector contributes less to output and is contracting; and
2. industry and services cannot expand their capacities due to the very constraints implied by energy scarcity in an expanding economy with greater needs.

The energy sector's contribution has been declining since 2004, when oil production began to fall. Be-

tween 2004 and 2024, oil activity reduced its output by an average of -3% each year (a cumulative -45.6%). Over these same two decades, oil activity ceased to contribute -487.1 pesos to GDP. Given the lack of investment in exploration, extraction continues to retreat and has not only stopped contributing to itself, but has also ceased to bolster the region's energy security and its importance has diminished. The Mexican State lacks the resources to undertake the necessary investments, but during the Lopez Obrador administration the door was closed to private investment.

The decline in oil production puts downward pressure on the measurement of GDP at the regional level. The depletion of the most mature wells, located in the South, causes industrial activity -excluding construction- to retreat in that region. For at least the next decade, this decline will put downward pressure on national output, with a notable loss in the South, until oil and gas production stabilizes.

In turn, this industrial deterioration was not offset by other activities capable of driving development in the country's most disadvantaged region. The energy bet since the Lopez Obrador administration has been oil refining. Between 2004 and 2024, the production of

*There is a deficit that can only be offset by increased domestic production or imports. In both cases, an imbalance arises. In the first case, this could translate into inefficiency, higher energy consumption, and lower added value; in the second, stagnant consumption could be interpreted as a sign of greater energy efficiency.*

petroleum products declined on average by  $-2.3\%$  per year (cumulative change of  $-37.3\%$ ). The decline is less severe than in oil extraction because, over the last seven years, Mexico reversed the downward trend in the production of refined petroleum products. Between 2018 and 2025, average annual production growth is approximately  $4.8\%$ .

For its part, between 2018 and 2024 the petrochemical industry showed some progress ( $3.3\%$  annual average). However, in the last year much of that growth was erased: between the third quarter of 2024 and the third quarter of 2025, petrochemical activity fell  $-5.6\%$  year-on-year. The reduction is so severe that average annual growth for the entire period (2018–2025) will be around  $1.3\%$ . Petrochemical output displays erratic behavior.

Faced with the evident exhaustion of the oil sector, the 2013 energy reform opened an opportunity to move toward the electrification of the economy. However, in a polarized world such as the one we live in, electrification poses a major challenge: how to secure an energy mix that is sufficiently balanced, that minimizes risks, without compromising the relationship with our main trading partner?

While the future of the energy transition is being con-

*To some extent, economic stagnation stems from the lack of progress in the energy sector from two perspectives:*

- 1) economically, the energy sector contributes less to production and is contracting, and*
- 2) industry and services cannot expand their capacities due to the same limitations imposed by energy scarcity on an expanding economy with increasing needs.*



*Image: "Hydrocarbon production in Mexico could increase by 700,000 barrels per day with shale resources: Sedener Tamaulipas" at <https://petroleoenergia.com/industrias/oil-gas/produccion-de-hidrocarburos-en-mexico-podria-aumentar-700-mil-barriles-dia-rios-con-recursos-shale-sedener-tamaulipas/>*

tested in countries such as Ukraine and South Africa –given their contribution of gases and rare metals that are indispensable for that transition– Mexico anchored the electricity sector to gasification: in 2025, 60% of electricity in Mexico was generated through combined-cycle plants (highly intensive in natural gas consumption). Government plans and the acquisition of Iberdrola’s power plants will lead this share to keep increasing (toward 70%) and, consequently, increase dependence on external supply.

In this sense, Mexico is anchored to U.S. gas production and its competitive prices; however, the risk of supply cuts remains latent, whether for political or climatic reasons, as has already occurred. As we have noted since 2023, the lack of progress in natural gas storage and the lag in attracting investments to exploit shale gas (extracting it will take some years) increase exposure to this type of contingency. In energy matters Mexico is a spectator, but that does not mean its actions will not define its future.

### 3.5.2 REFINING STRATEGY AND WEAKNESS IN OIL PRODUCTION

Between 2018 and 2025, hydrocarbon production<sup>62</sup>

<sup>62</sup> Hydrocarbon statistics are classified into crude oil and condensates. According to Pemex, condensates are any mixture

of relatively light hydrocarbons that remain liquid at normal temperature and pressure. They will have some amount of propane and butane dissolved in the condensate. Unlike crude oil, they have little or no heavy hydrocarbons that make up heavy fuel.

has fallen –10.8% or –197.8 thousand barrels per day (mbd) of hydrocarbons. However, if only crude oil production is considered, the variation is –24.6% (–445.5 mbd): in the same years, crude oil production has gone from 1 million 813.1 to 1 million 367.6 mbd. In 2025, oil production continued to fall (–7.9% annually or –117.3 mbd), with a notable acceleration compared to the previous six years (annual average of –3.3%). On the contrary, between 2018 and 2025, condensate production has increased by 1,226.3% or 247.7 mbd and already represents 16.4% of hydrocarbon production. By type of crude oil, the production of heavy, light and super light crude oil has fallen by –256.3 (–23.9%), –155.1 (–28.1%) and –34.2 mbd (–18.2%) compared to 2018, respectively. Condensates have cushioned the fall in hydrocarbon production, but crude oil production continues to fall (Graph 25).

Oil reserves remain at historic lows and future projections are unsatisfactory. Between 2018 and 2024, proved oil reserves fell from 6,464.2 to 5,978.2 million barrels (a change of –7.5%, or –486 million barrels of oil). The International Energy Agency (IEA) estimates

*Mexico has anchored its electricity sector to natural gas: by 2025, 60% of Mexico's electricity was generated through combined-cycle power plants (which are heavy consumers of natural gas). Government plans and the acquisition of Iberdrola's power plants will lead to this proportion continuing to increase (reaching 70%) and, consequently, to greater dependence on foreign energy sources.*

that, although new discoveries such as Trion, Polok Chinwol and Zama will begin production in 2030, aggregate output will still decline by 800 mbd through 2035 (IEA, 2025). In the same vein, the IEA expects Mexico to soon become a net importer of crude oil.

Since the Lopez Obrador administration, energy policy has been anchored in the production of refined petroleum products such as gasoline and diesel. Between 2018 and 2025, the volume of crude processed in the National Refining System (Sistema Nacional de Refinacion, SNR)<sup>63</sup> increased by 65.7%, rising from 611.9 mbd to 1,013.8 mbd. This latest figure is comparable to that of 2015, when the SNR processed 1,064.5 mbd of crude. From 2014 through 2020 (a historical low of 590.6 mbd), the trend in crude processing remained downward. The volume of crude processed began to increase steadily from 2021 onward.

The SNR has increased its crude consumption and now uses a larger share of Mexico's domestic crude production. Over the past seven years, only the Sal-

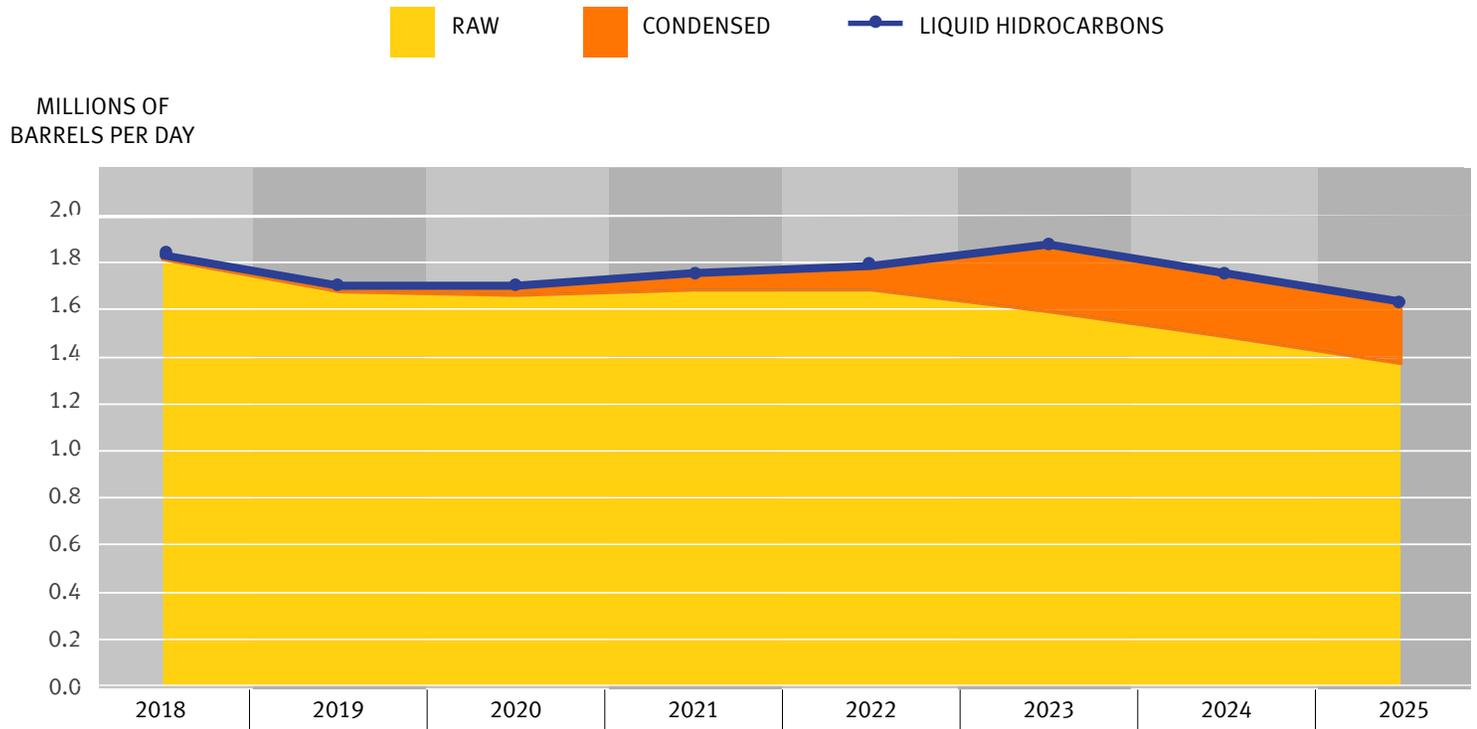
<sup>63</sup> Since June 2024, the statistics of the National Refining System are made up of seven refineries: Cadereyta, Madero, Minatitlan, Salamanca, Tula, Salina Cruz and Dos Bocas. Until this date, the RDB did not come into operation and the SNR was made up of the first six refineries. It should be considered that Pemex has these seven refineries (SNR) and Deer Park, in Texas, United States.



*Image: Natural gas imports hit record highs while local production stagnates" at <https://expansion.mx/empresas/2024/03/27/por-que-mexico-compra-cada-vez-mas-gas-a-estados-unidos>*

amanca refinery (Guanajuato) has posted a decline in crude throughput (cumulative change of -5.7%, or -22.8 mbd). Although six of the seven refineries that make up the SNR (the Dos Bocas refinery has been incorporated since 2024) have increased their refining volumes, four of them account for 89.6% of the cumulative growth (360.1 mbd): The Dos Bocas refinery (33.4%, or 134.4 mbd), Madero (20.1%, or 80.6 mbd), Minatitlan (18.8%, or 75.7 mbd) and Tula

GRAPH 25. HYDROCARBON PRODUCTION: CRUDE OIL AND CONDENSATES  
(THOUSANDS OF BARRELS PER DAY) (2018–2025)



Source: In-house elaboration with information from Pemex.

(17.3%, or 69.4 mbd). Without yet reaching its maximum processing capacity, the Dos Bocas refinery (RDB) contributed one-third of the increase in refined crude volume.

Crude production in Mexico is predominantly heavy

and the Dos Bocas refinery has begun to absorb it. The RDB has the capacity to process 340 mbd and is configured to run heavy crude and therefore should tend to generate less residual fuel oil (combustoleo). For these reasons, the RDB is the largest consumer

*Oil reserves remain at historic lows and future projections are not satisfactory.*

of heavy crude in the country: since June 2024, 100% of the crude processed at the RDB has been heavy. As of December 2025, the RDB consumed 37.5% of the heavy crude processed within the SNR. Once the RDB reaches its maximum capacity (likely in the second half of 2026), it will consume roughly 48.5% of the heavy crude processed in the SNR. Between 2026 and 2027, the RDB will absorb half of the heavy crude produced domestically, such that the remaining refineries could run lighter crudes along with the rest of the heavy crude (Graph 26).

Mexico faces severe constraints in processing light crude. In 2025, Mexico produces 816.6 mbd of heavy crude, of which 537 mbd are sent to the National Refining System (*Sistema Nacional de Refinación*, SNR). The SNR consumes 65.8% of the country's heavy-crude output. However, self-consumption is even higher for light crude: between 2018 and 2025, shipments of light crude to the SNR remained virtually unchanged, moving from 395.7 to 394.8 mbd (a change of -0.23%). In 2025, 397.5 mbd of light crude were produced, which implies that the SNR consumes 99.3% of the light crude produced domestically, as a result of lower production alongside an unchanged level of domestic consumption. Mexico consumes almost all of the light crude produced in the country,

but it is being depleted at a faster pace than the rest.

As oil production declines, crude exports –especially to the United States– must be sacrificed in order to increase the volume of crude refined. Between 2018 and 2025, crude oil exports fell from 1.184 million mbd to 580.6 mbd, a reduction of -51% (-603.3 mbd). Over the same period, the value of exports declined from 26.5 to 13 USD (a change of -51.2%, or -13.6 USD). The reduction in exports (in volume) has been concentrated in heavy crude; however, Mexico has also reduced light-crude exports to a minimum, whose destination remains the American continent.

Mexico added refining capacity for heavy crude –capacity that meets its needs, but remains limited. With the start-up of the Dos Bocas refinery (RDB), between 2018 and 2024 the SNR's refining capacity increased from 1.640 million to 1.980 million mbd, a change of 20.7% (or 340 mbd). This additional capacity is intended for heavy crude, Maya blend. However, several SNR refineries (at least three) are not configured to process this type of crude; for that reason, inefficiencies (residual fuel oil production) remain high in both levels and shares.

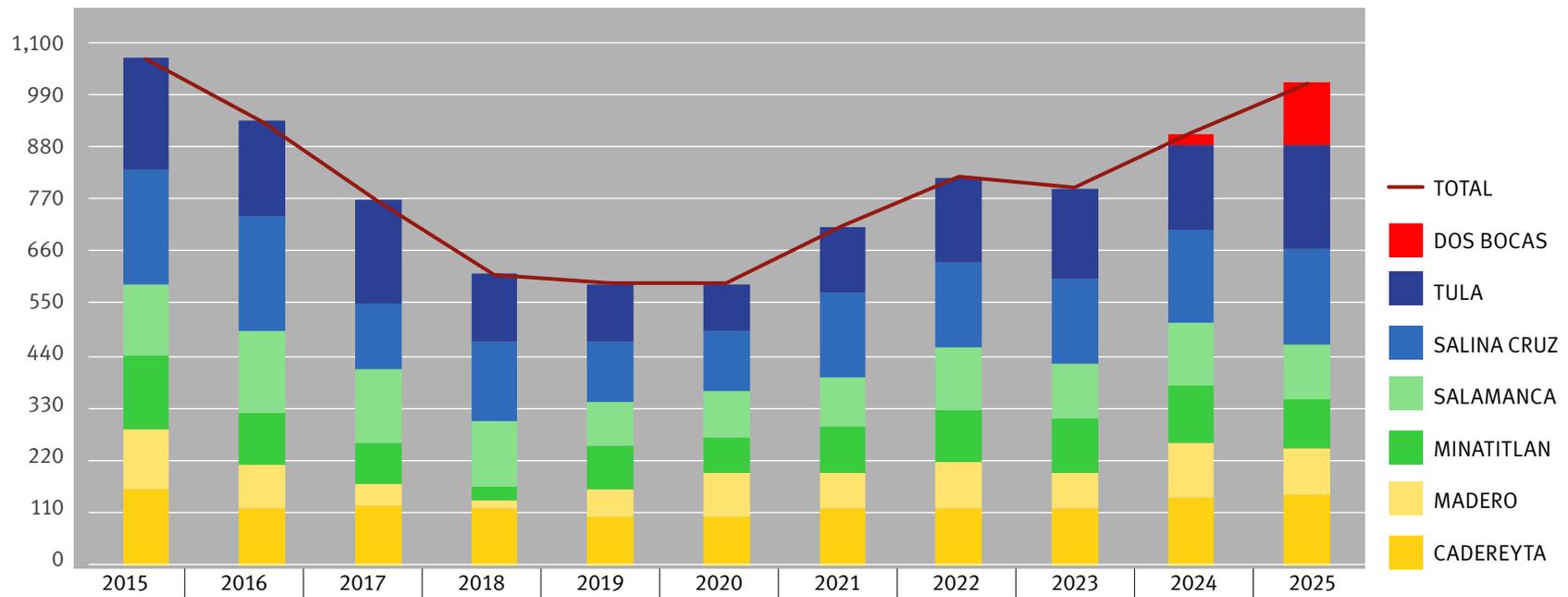
The increase in installed capacity –driven by the RDB– along with higher crude shipments to the SNR

*La producción de crudo en México es mayormente pesado, mismo que ha comenzado a consumir la Refinería Dos Bocas (RDB).*

*La RDB tiene la capacidad de procesar 340 mbd, y al procesar crudo pesado, debería tender a generar menos desechos (combustóleo).*

GRAPH 26. VOLUME OF CRUDE OIL PROCESSED PER REFINERY  
(THOUSANDS OF BARRELS PER DAY) 2015–2025

THOUSANDS OF  
BARRELS PER DAY



Source: In-house elaboration with information from Pemex.

and declining oil production, is accelerating Pemex's dependence on light crude. Therefore, if Pemex is not able to increase heavy-crude refining capacity in the near term, it is highly likely that Mexico will begin importing light crude, since it is not efficient to send the remainder of its heavy crude to the other SNR refineries.

### 3.5.3 REFINED PRODUCTS AND WASTE

Because of the increase in the volume of crude refined in the SNR, domestic production of refined products has accelerated. Between 2018 and 2025, the production of gasoline, diesel, kerosene and liquefied petroleum gas (LPG) increased by 71.7%, 95.0%,

*Mexico consumes almost all of the light crude produced in the country, but it is being depleted at a faster rate than the rest.*

24.6% and 55.9%, respectively. Refining by-products (residual fuel oil, combustoleo) also increased, but to a lesser extent (12.5%, or 23.1 mbd). In 2025, residual fuel oil production fell by -23.3% (-63.2 mbd), yet its production level (208.2 mbd) places it as the third-largest refined output, only behind gasoline (355.6 mbd) and diesel (227.8 mbd). In 2025, gasoline and diesel output increased more than refining waste (residual fuel oil).

Between 2018 and 2024, waste output gained particular relevance because it grew faster than gasoline production (46.6% vs. 40%). In that sense, the refining process is inefficient and not a sound business for Pemex or the country. Pemex increased output more strongly in a by-product whose market value was lower than that of the input itself (crude). Moreover, residual fuel oil has a more limited market due to its high sulfur content (highly polluting). The recent drop in residual fuel oil production is, in principle, good news for Pemex.

The start-up of the RDB increased the supply of gasoline and diesel by 50 and 54.2 mbd, respectively. Between 2024 and 2025 alone, this variation explains 92.2% of the increase in diesel and 71.3% of the increase in gasoline. Likewise, the increase in crude

processing at the RDB did not translate into higher residual fuel oil production. The increased crude feed to the RDB meant that marketable products, such as gasoline and diesel, increased more than residual fuel oil.

Before the RDB began operating, the Madero, Minatitlan and Tula refineries played a relevant role in producing gasoline, diesel and jet fuel (turbosina). Between 2018 and 2025, the Madero, Minatitlan and Tula refineries increased gasoline production by 547.2%, 121.4% and 77.3%, respectively. For diesel, these same refineries increased production by 403.4%, 629.2% and 101.9%, respectively. Over the same years, these three refineries accounted for 54.7% (81.3 mbd) of the increase in gasoline production and 51.2% (56.9 mbd) of the increase in diesel production. Higher refining volumes made it possible to raise gasoline, diesel and jet-fuel output.

In 2025, the volume of crude processed in the SNR continued to increase, while residual fuel oil production declined. The drop in residual fuel oil production originates in five refineries: between 2024 and 2025, residual fuel oil output decreased in the Madero, Minatitlan, Salamanca, Salina Cruz and Tula refineries by -75.2 (-26.4 mbd), -57.1 (-19 mbd), -22.9

*Given the decline in oil production, crude oil exports, especially to the United States, must be reduced to increase the volume of refined crude. Between 2018 and 2025, oil exports fell from 1.184 million barrels per day (mbd) to 580.6 mbd, a reduction of 51% (603.3 mbd).*

(−8.4 mbd), −7.7 (−6.6 mbd) and −9.9% (−5.5 mbd) year over year, respectively. The decline breaks with decades-long inertia marked by inefficiency. However, it also implies a structural shift that is difficult to explain (almost implausible) under the conditions in which the SNR currently operates.

Only one of the seven refineries that make up the SNR continued along its trajectory in residual fuel oil production. In 2025, only the Cadereyta refinery posted an annual increase of 10.6% (2.7 mbd) in residual fuel oil production, but the rise is negligible in the aggregate. Likewise, output of other refined products grew at lower rates or negative rates: gasoline, diesel and LPG recorded annual growth rates of −4.8%, 6.7% and −36.5%, respectively. Between 2018 and 2025, Cadereyta accumulated an 87.8% increase (or 12.9 mbd) in the production of this by-product. Similarly, between 2018 and 2025, the Salina Cruz refinery contributed more to the increase in residual fuel oil production (a cumulative 27%, or 16.9 mbd), despite showing a less notable increase than Cadereyta. The information for the Cadereyta refinery is consistent with its historical behavior.

Refinery deterioration negatively affects the SNR's operating efficiency and achieving better results re-

quires large-scale investments. The Salamanca, Salina Cruz and Tula refineries continue to register high levels of residual fuel oil production; in 2025 they concentrated three quarters of the total (75.7%)<sup>64</sup>. Since 2019, during the Lopez Obrador administration, the construction of the coking unit (coquizadora)<sup>65</sup> at the Tula refinery had been contemplated, with start-up projected for December 2023.

Later, at the end of 2020, within the framework of an Infrastructure Plan<sup>66</sup>, the modernization of the Cadereyta<sup>67</sup> refinery was announced and evaluations began for similar projects in Salina Cruz and Salamanca. However, to date there is evidence that the Salina Cruz and Tula projects have not been completed and, therefore, the coking units have not entered into op-

<sup>64</sup>En 2018 estas mismas refineras produjeron el 82.7% del combustoleo en el pais.

<sup>65</sup>A *coquizadora* is a processing unit within an oil refinery that converts waste from the refining process into higher value products.

<sup>66</sup>The Infrastructure Plan was announced within the framework of the Agreement for Economic Reactivation. The first part was made up of 39 infrastructure projects (seven were in execution), which included energy infrastructure projects and was announced on October 5, 2020. For more details, see: <https://Lopez Obrador.presidente.gob.mx/presidente-firma-convenio-con-la-iniciativa-privada-para-la-reactivacion-economica/>

<sup>67</sup>The project was announced as “Rehabilitation of the delayed coking plant at the Cadereyta Refinery.”

*Pemex increased production of a byproduct whose market value was lower than that of the same input (crude oil). Furthermore, fuel oil has a more limited market due to its high sulfur content (a major pollutant). The recent drop in fuel oil production is, in principle, good news for Pemex.*

eration. In that context, there is no substantive explanation to sustain the thesis of a “discrete jump” in the SNR’s operating efficiency.

The decline in residual fuel oil production in Madero and Minatitlan is not associated with substantive infrastructure upgrades (reconfiguration). Between 2024 and 2025, the decrease comes precisely from refineries where there were no investment projects that would have raised efficiency. Madero and Minatitlan, moreover, have not featured in the federal government’s or Pemex’s investment plans. Between 2018 and 2024, both refineries increased their residual fuel oil production by 545.1% and 180.9%, respectively. One year later, when extending the period to 2018–2025, the cumulative growth of residual fuel oil production declines to 60.3% and 20.6%.

Between 2024 and 2025, the SNR, through Pemex, reported information that appears implausible under any scenario. The Madero refinery reported zero barrels of residual fuel oil production in February, March, June, July and August 2025. The behavior of the Minatitlan refinery is similar and remains near zero, such as in December 2024 when it reported producing 311 barrels per day of heavy residual fuel oil. One year earlier (December 2023), it reported 35.3 mbd of

residual fuel oil (113.4 times more).

The evidence shows that, most likely, the change in production trajectories began in September 2024. Between September 2024 and the same month in 2023, residual fuel oil production in Madero and Minatitlan fell by –4% and –3%, respectively. Yet the production of other products moved in the opposite direction. The data suggest that, over the past year, the Madero and Minatitlan refineries have been at least as efficient as the RDB: waste that tends toward zero, regardless of how much heavy crude they process and high gasoline and diesel output.

For its part, the decline in residual fuel oil production at the Salamanca refinery is associated with the reduction in crude processed at that refinery (–22.8 mbd between 2018 and 2025). The Salamanca refinery not only produces less residual fuel oil, but also a lower volume of all products and by-products: between 2018 and 2025, output at Salamanca of LPG, gasoline, jet fuel and diesel declined by –46.3%, –5.0%, –9.6% and –25.5%, respectively. In other words, the drop in residual fuel oil production in Salamanca is not due to improved operating efficiency, but to a decline in the volume of crude refined.

In aggregate, residual fuel oil production fell sharp-

*The deterioration of the refineries negatively impacts the operational efficiency of the National Refining System (SNR), and large-scale investments are required to achieve better results. The Salamanca, Salina Cruz, and Tula refineries continue to register high levels of fuel oil production; in 2025, they accounted for three-quarters of the total (75.7%).*

ly in the fourth quarter of 2024 and even more so in October of that year. The contraction occurred mainly in the Madero and Minatitlan refineries. In the first quarter of 2024, residual fuel oil production reached 320.4 mbd, the highest level recorded under the Morena administrations. In the fourth quarter of 2024, production fell to 176.2 mbd. The decline in residual fuel oil output coincides with the change in the federal administration.

Waste production is beginning to take other forms. Despite the reduction in residual fuel oil production, between 2018 and 2025 coke production (another by-product of the oil refining process)<sup>68</sup> rose from 19.7 to 57.7 mbd, an increase of 193.3% (38 mbd). In this regard, Pemex's 2025–2035 Strategic Plan refers to this development as follows:

*The increase in coke production represents a commercial challenge even under the best conditions for Pemex and may jeopardize the operational continuity of refineries. Therefore, it is advisable to consider its use for electricity generation or other purposes, adopting the necessary measures to mi-*

<sup>68</sup> According to the Financial and Compliance Audit: 16 – 6 – 90T9M – 02 – 0474, the coke produced in Mexico is a combustible type, classified as one of the lowest quality [Below 50 HGI (coke hardness index)] for sale in the international market due to its high sulfur content.



Image: "The 4T increased production of fuel oil up to 59%" at <https://buzos.com.mx/noticia/la-4t-incremento-produccion-de-combustoleo-hasta-59>

*nimize its environmental impact.*

In short, the recent history of excess residual fuel oil (2018–2024), at the time described by Rocio Nahle<sup>69</sup>, could be repeated –discursively as well– with another refining by-product (coque) (Graph 27).

Coque production increased primarily as a result of the RDB coming online. Between 2018 and 2024,

<sup>69</sup> Between 2018 and 2023 Rocio Nahle Garcia was Secretary of Energy. Since December 2024, he has governed the state of Veracruz.

*The Salamanca refinery is associated with the reduction in crude processed at that refinery (–22.8 mbd between 2018 and 2025).*

coke production rose from 19.7 to 39.1 mbd, a cumulative increase of 98.9% (19.4 mbd). Between 2024 and 2025, this production increased by an additional 18.6 mbd (47.5% year over year). Of this total, the RDB contributed 13.9 mbd (equivalent to 74.6% of the change). Over the full period (2018–2025), coke production increased cumulatively by 193.3% (38 mbd) and four refineries account for the entirety of the increase, in order of (absolute and relative) importance: RDB, Madero (636%), Minatitlan (573.2%) and Tula (176.5%). In the other three remaining refineries (Cadereyta, Salamanca and Salina Cruz), coke production declined slightly (a cumulative –2.1 mbd).

The SNR already consumes nearly all of the light crude produced in the country. The downward trend in heavy-crude production accelerates the reduction of its exports, while the SNR increases its demand. The increase in installed capacity already exceeds domestic crude production, such that a mismatch between installed capacity and production will emerge soon. This mismatch will translate into an external imbalance. If Deer Park's<sup>70</sup> consumption is added to

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<sup>70</sup> The refinery in Deer Park has the same heavy crude oil processing capacity as the RDB (340 mbd of oil). The refining capacity of the SNR plus Deer Park is approximately 2 million 320 mbd of oil. RDB and Deer Park could consume a volume close to 680 mbd of heavy crude oil, equivalent to

this mismatch, Pemex will consume a volume close to its domestic crude production (83.3% of heavy crude) and will tend to become a net importer of oil—initially, most likely, of light crude and subsequently of heavy crude.

Because refining capacity in Mexico exceeds domestic crude production—especially light crude—Pemex will have to import oil. Only a highly unlikely event, such as an apparent jump in operating efficiency<sup>71</sup>, as seems to occur at the Madero and Minatitlan refineries, could alter this dynamic or delay it as much as possible. However, under this latter scenario, crude exports to the United States would rapidly trend toward zero. Ultimately, the direct consequence will be a swift limitation of crude trade with our main trading partner, even if the Mexican State must face the con-

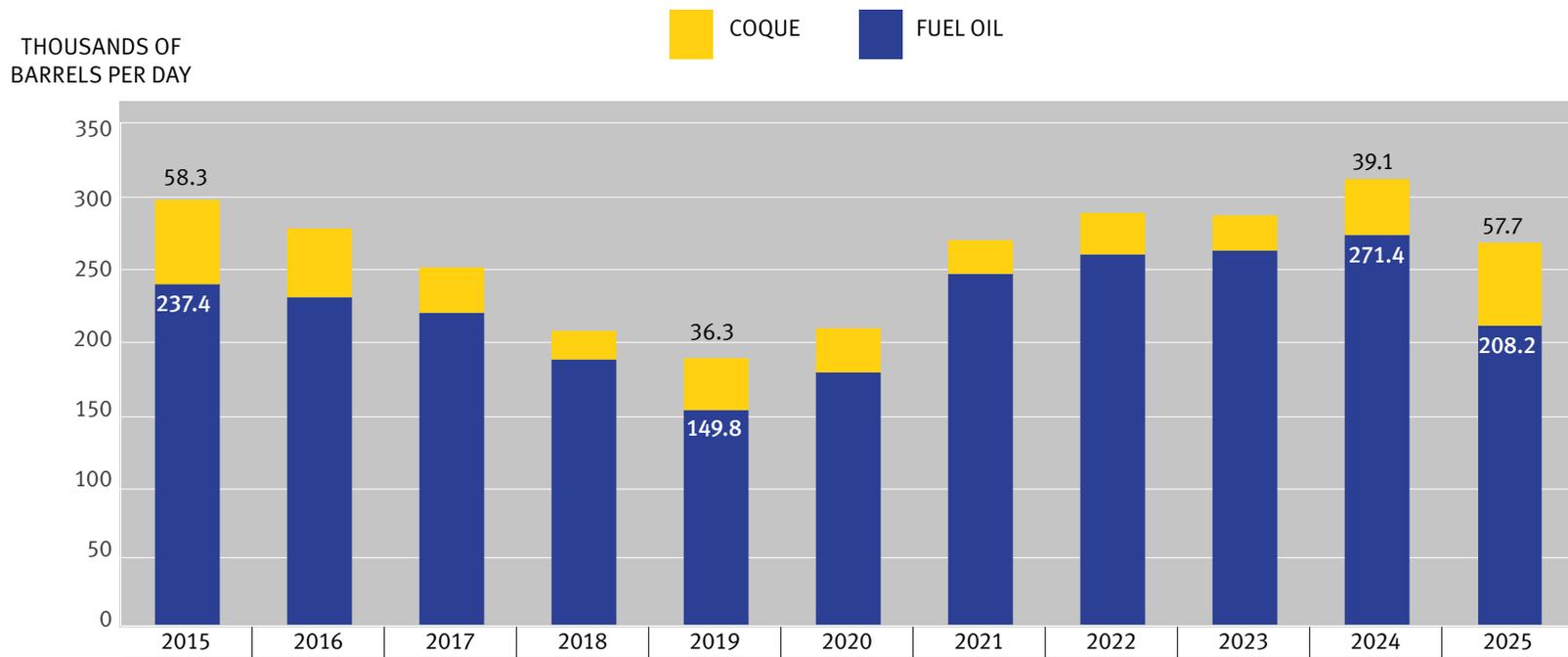
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83.3% of domestic heavy crude oil production in 2025. If the trend in oil production of the last seven years is maintained, Pemex will consume the equivalent of 100% of heavy crude oil between 2030 and 2032.

<sup>71</sup> It is said to be unlikely because it is not caused by improvements in infrastructure or changes in crude oil shipping, a situation that is unlikely in the very short term because Mexico already consumes almost 100% of its light crude oil. One event that could improve operational efficiency is probably the completion of the coking plants in Salina Cruz and Tula. However, in almost any scenario, a reduction in heavy crude oil exports is imminent.

*In the last year, the Madero and Minatitlan refineries have proven at least as efficient as the RDB: waste tending towards zero, no matter how much heavy crude they process, and high production of gasoline and diesel.*

GRAPH 27. PRODUCTION OF BY-PRODUCTS/REFINERY: FUEL OIL/COKE  
(2015 – 2025) (MBD)



Source: In-house elaboration with information from Pemex.

sequences of Pemex obstructing access to reliable information.

### 3.5.4 UNSATISFIED DOMESTIC DEMAND FOR REFINED PRODUCTS

Barely had the Lopez Obrador administration begun when gasoline and diesel imports contracted. With the entry into force of the Energy Reform under the

Enrique Peña administration, gasoline and diesel imports grew rapidly: between 2013 and 2018, the volume of imported gasoline and diesel rose from 67.2 to 186.4 mbd and from 41.2 to 103.9 mbd, respectively. Over those same years, the average annual growth rate of gasoline and diesel imports was 22.6% and 20.3%, respectively. In 2018, that rate dropped sharp-

*The contraction in fuel oil production occurred mainly in the Madero and Minatitlan refineries.*

ly –especially for diesel (14.2% year over year)– but it was not yet a decline in levels. In 2019, imports of both refined products fell: the year-over-year change in imported volumes of gasoline and diesel dropped by –6.4% and –1.5%, respectively. Gasoline and diesel imports had been decelerating since 2018 and in 2019 they began to retreat.

Under the Lopez Obrador administration, gasoline and diesel imports displayed a downward trend, which became evident toward the end of his term. The volume of imported gasoline maintained its upward trend through 2018, when it reached 510.8 mbd (an all-time high). For diesel, this peak occurred in 2023 (286.6 mbd), although since 2019 imports had followed an erratic pattern. Between 2018 and 2023, diesel imports increased cumulatively by 0.68% (or 1.9 mbd), i.e., they remained nearly unchanged. Between 2018 and 2024, gasoline and diesel imports changed cumulatively by –8.2% (–42 mbd) and –6.6% (–18.9 mbd), respectively.

Over the past two years, Mexico rapidly reduced its dependence on U.S. diesel. In 2018, U.S. gasoline and diesel exports to Mexico accounted for 58.1% and 26.5% of the total, respectively. By 2024, this share had declined only for diesel, ending at 23.5% of the total. In the same year, gasoline exports to Mexico

*Since Mexico's refining capacity is greater than its domestic crude oil production, mainly light crude, Pemex will have to import oil.*



*Image: "Mexico's Pemex struggles to boost oil refining in August as fuel imports rise" at <https://www.reuters.com/markets/commodities/mexicos-pemex-struggles-boost-oil-refining-aug-fuel-imports-rise-2023-09-28/>*

represented 58.8% of the total. However, between January and October 2025, gasoline and diesel exports declined by -1.9% and -17.8%, respectively. The shift in demand was more evident for diesel, whose share fell to 20.6% of the total, while gasoline began to show a clearer decline (56.8% of the total).

U.S. diesel exports expanded their presence in Europe and in some South American countries. Between 2018 and 2024, U.S. diesel exports to the Netherlands and the United Kingdom rose from 45 to 87 mbd and from 33 to 85 mbd, respectively. The average annual growth rates were 11.6% and 17.1%, respectively. Between January and November 2025, exports to these countries fell by -2.5% and -0.3% year over year. However, exports to the world as a whole, including Mexico, contracted more (-4.8% year over year). Between January and November 2025, U.S. exports to the Netherlands and the United Kingdom already represented 15.6% of the total. Likewise, between 2018 and 2025, Ecuador became another market of growing relevance, increasing from 2.9% to 6.4% of total share. If the decline in imports continues, Mexico will cease to be the main market for U.S. diesel.

### 3.5.5 DOMESTIC SUPPLY OF REFINED PRODUCTS: IS IT SUFFICIENT?

At its peak, the SNR posted annual gasoline and diesel production of 471.5 (in 2009) and 343.5 mbd (in 2008), respectively. These levels were accompanied by high residual fuel oil production (316.2 mbd in 2009). For the reasons stated above, production declined until reaching historic lows in 2020. Yet in 2008 and 2009, heavy-crude extraction reached 2,000 and 2,100 mbd, respectively. The amount of that same heavy crude consumed by the SNR represented 63% and 65% of total domestic heavy-crude production.

In its best years, the SNR was not able to produce the gasoline and diesel the country required. In 2008, Mexico imported 65 mbd of diesel and one year later it imported 138 mbd of gasoline. In each of those years, the aggregate supply of gasoline and diesel was 609 and 408.5 mbd, respectively. This means imports represented 22.6% and 15.9% of aggregate supply. In subsequent years, external dependence began to increase rapidly.

For more than a decade, diesel demand did not grow. It should be noted that, between 2012 and 2018, aggregate diesel supply (imports plus Pemex production) fell considerably (a cumulative change of -6.4%, or -27.8 mbd). In this sense, using 2018 aggregate supply as the baseline yields a notably low level and

*In the last two years, Mexico has rapidly reduced its dependence on U.S. diesel. In 2018, U.S. gasoline and diesel exports to Mexico represented 58.1% and 26.5% of the total, respectively.*



Image: fuel oil at [https://www.onexpo.com.mx/NOTICIAS/MEXICO-ES-AUTOSUFICIENTE-EN-COMBUSTOLEO\\_bxhrz/](https://www.onexpo.com.mx/NOTICIAS/MEXICO-ES-AUTOSUFICIENTE-EN-COMBUSTOLEO_bxhrz/)

biases subsequent growth upward. Between 2012 and 2024, growth in aggregate diesel supply was 3.6%, or 0.29% on average per year. In 2023, aggregate diesel supply was –2% below the level observed in 2012. It took 12 years for the diesel market to return to the level observed in 2012.

Mexico reduces its dependence on external supply, but it remains far from bringing imports to zero. The maximum level of dependence occurred between 2018 and 2021, depending on the refined product. In 2021, diesel imports came to represent 70.7% of aggregate supply. For gasoline, in 2018 imports contributed 70.4% of aggregate supply. Since then, in both cases the trend has been downward; however, die-



Image: diesel at <https://watchusgrow.org/2019/03/28/drive-a-diesel-3-reasons-to-fuel-up-with-biodiesel-instead/>

sel dependence has declined more, reaching 51% in 2025. In 2025, gasoline imports accounted for 56.2% of aggregate supply in Mexico.

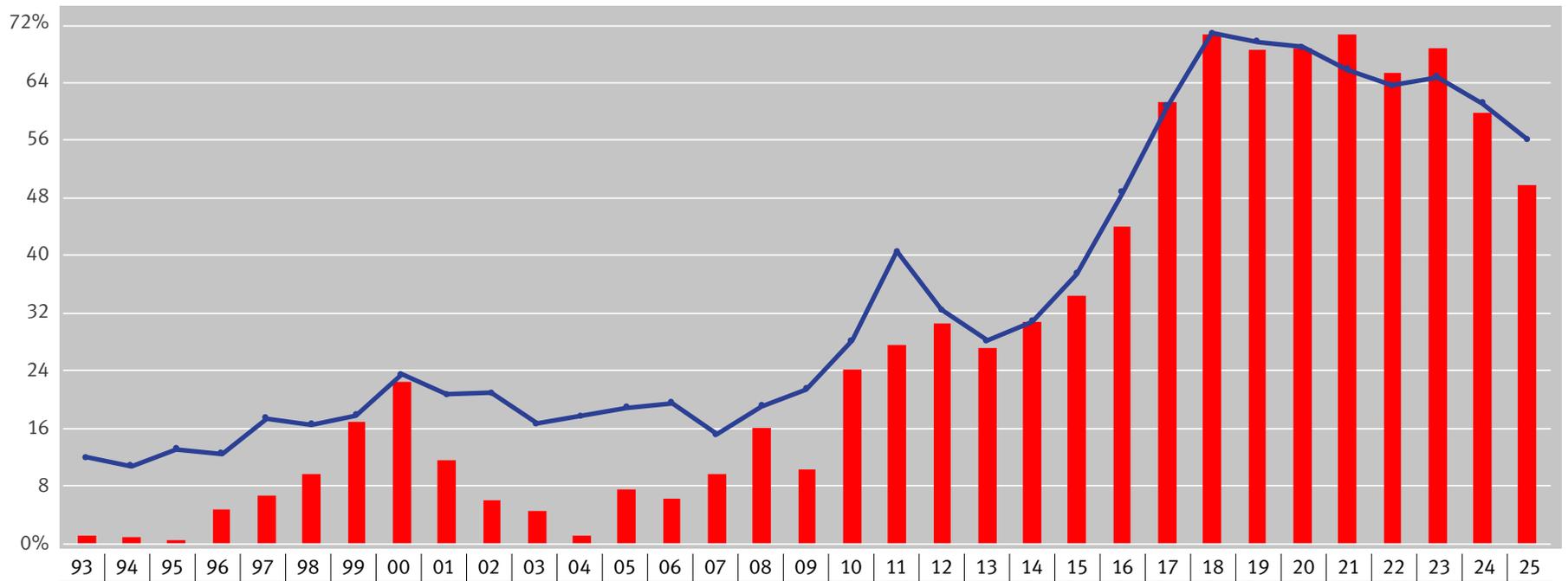
Over the past thirteen years, diesel demand has barely grown (a cumulative 1.9%). Pemex production has increased substantially over the last couple of years (a cumulative 60.4%). Between 2023 and 2025, diesel imports have continued to fall (a cumulative –25.5%, or –752 mbd), while Pemex production increased by 793.1 mbd. The increase in domestic production offset the loss and absorbed the entirety of the market’s growth (a cumulative 0.96%, or 41.1 mbd). The combination of declining imports, rising domestic production and slow demand growth is accelerating Pemex’s

*In the last two years, Mexico has rapidly reduced its dependence on U.S. diesel. In 2018, U.S. gasoline and diesel exports to Mexico represented 58.1% and 26.5% of the total, respectively. By 2024, this share had decreased only for diesel, ending at 23.5% of the total.*

GRAPH 28. DEPENDENCE ON DIESEL AND GASOLINE IMPORTS  
(% OF AGGREGATE SUPPLY)

IMPORTS  
COMPARED TO  
SUPPLY

■ DIESEL — GASOLINE



Source: In-house elaboration with informacion from IEA

share of the domestic diesel market (Graph 28).

Despite increases in gasoline and diesel production –given the artificial increase in operating efficiency within the SNR– the domestic supply of refined products (Pemex production) does not manage to cover domestic demand. As we have estimated since 2023, the trajectory of refined-products output will not be sufficient to meet gasoline demand. However, over the next five years and under certain conditions (cited in the previous paragraph), Pemex alone can aspire to supply most of domestic diesel demand.

### 3.5.6 FROM THE SUPPLY AND DEMAND PERSPECTIVES, DOUBTS PERSIST

The market has grown, but this growth has not been matched by an increase in demand. When Pemex reached its peak production of gasoline (2009) and diesel (2008), Mexico had 20.5 million vehicles and 8.8 million freight and passenger trucks (hereafter, trucks) in circulation. Even so, domestic production was insufficient. In 2024, 39.6 million vehicles and 12.7 million trucks were in circulation. In other words, back then there were far fewer vehicles and trucks –19.1 million (–48.2%) and 3.9 million (–30.6%) fewer, respectively. The number of vehicles has nearly

doubled (a cumulative change of 93.2%). Even if Pemex were to utilize all installed capacity, it would be insufficient to cover national demand, which will continue to grow.

Another fact that should draw attention is that between 2012 and 2024, while diesel supply increased by only 0.29% per year, the number of trucks in circulation grew at a rate of 2.2% (a cumulative 30.3%). In addition, not only were there more trucks on the road, but they were actually moving. Activities related to transportation (transportation, postal services and warehousing) grew overall at an average annual rate of 2.8%. In particular, over the same period, freight trucking, land passenger transport (except rail) and courier and parcel services –so indispensable during the lockdown– grew at average rates of 2.9%, 1.9% and 7.4%, respectively.

Transportation activities are growing while the economy stalls and fuel supply barely increases. As we have emphasized since early 2024, transportation-related activities grew more than GDP (between 2012 and 2024 the average annual growth rate was 1.4%) and more than the vast majority of economic activities. Even over the past seven years, as the economy slowed, the behavior of these activities diverged

*It is striking that between 2012 and 2024, while the supply of diesel fuel barely increased by 0.29% year-on-year, the number of trucks on the road grew at a rate of 2.2% (cumulative to 30.3%). Not only were there more trucks on the road, but they were actually moving. Transportation-related activities (transport, mail, and warehousing) grew as a whole at an average annual rate of 2.8%, while the economy stagnated and the supply of fuel barely increased.*

from the rest of the Mexican economy: the average annual growth rate of GDP versus transportation was 0.7% versus 2.1%, respectively. These are energy-intensive activities, primarily in diesel consumption. It is difficult to conceive of domestic or external trade without greater activity in transportation services and, in turn, without greater fuel consumption.

Transportation activities flourished despite the fact that Lopez Obrador and Manuel Bartlett closed the door to the electrification of the economy and in particular to the electrification of transport. That is, transport remains petroleum-based and there are no substitutes. Between 2023 and 2025, card payments at all gas stations in the country rose from a total of 391.9 to 482.8 billion pesos. Over the same years, according to Pemex, domestic sales of gasoline and diesel produced in the SNR fell from 716.4 to 674.8 billion pesos. Purchases at gas stations went from representing 54.7% to 71.5% of the sales value reported by Pemex. Gas-station sales continue to grow and are rapidly approaching the value reported by Pemex. Card payments represent only part of the total; thus, the information suggests that demand is growing much faster than Pemex's reported supply.

The refineries with the highest efficiency levels with-

in the SNR are located near ports that have facilitated the entry of smuggled hydrocarbons. The refineries that have made an efficiency leap— Madero and Minatitlan— are located just a few kilometers from the maritime customs offices of Altamira and Tampico (Tamaulipas) and Coatzacoalcos (Veracruz). It was in the port of Tampico where the historic seizure took place of the Singapore-flagged vessel Challenge Procyon, which brought in 17 million 459.3 thousand tons of purported lubricating-oil additives when in reality it was smuggled diesel. It has been common practice to use tariff classifications that facilitate tax evasion and smuggling.

On March 31, 2025, through the Secretariats of the Navy and of Security and Citizen Protection, the authorities reported the seizure of 10 million liters of fuel at different properties located in Altamira (Tamaulipas). Estimates made by specialists agree that the shipment should have been close to 20 million liters of diesel. In other words, half of the smuggled shipment was lost (10 million liters of diesel). The authority to determine the quantity and destination of the imported fuel corresponds to the Office of the Attorney General of the Republic, at the time headed by Alejandro Gertz Manero (currently Mexico's ambassador to the United Kingdom).

*Transportation activities flourished despite Lopez Obrador and Manuel Bartlett closing the door to the electrification of the economy.*

*The refineries with the highest levels of efficiency within the SNR are located near ports that have facilitated the entry of contraband hydrocarbons, such as Madero and Minatitlan, which are located a few kilometers from the maritime customs of Altamira and Tampico (Tamps) and Coatzacoalcos (Ver).*

Up to this point, there are two events that must be closely watched and questioned: the artificial increase in Pemex's operating efficiency and the prolonged stagnation in diesel supply. Throughout the chapter it has been shown that neither phenomenon has a solid explanation from the economic and energy perspectives to support it. However, these phenomena do make it possible to conceal and manipulate highly sensitive information, especially in the current international context.

### 3.5.7 FISCAL HUACHICOL (SMUGGLING), LUBRICANTS AND OTHER OILS

Gasoline and diesel entered Mexico through different routes and under other denominations. Smugglers have used different tariff classifications. To date, judicial and journalistic investigations show that the tariff classifications used by smugglers share characteristics or properties (physicochemical) similar to those of the goods they purport to import. The clearest example is diesel and lubricating-oil additives.

Over the last decade, lubricant imports grew expo-

nentially, above their long-term trajectory (1993–2013). Between 1993 and 2013 (prior to the energy reform), imports of U.S.-origin lubricants rose from 4 to 11 mbd, an average annual growth rate of 5.2%. Between 2014 and 2025, the average annual growth rate of these imports was 13.3%, increasing from 11 to 43.3 mbd. In 2024, the imported volume reached its highest level (54 mbd). Imports began a phase of accelerated growth in 2016 and were interrupted only in 2020 (health crisis) and 2022 (international energy crisis), when lubricant imports fell by –14.3% and –34.3% year over year, respectively. Nevertheless, in both scenarios the recovery was immediate and they resumed the trajectory of the past decade: in 2021 and 2023, import growth was 16.7% and 82.6% year over year. Lubricant imports proved resilient after the last two crises (health and energy).

In 2022, due to the international energy crisis and the resulting increase in the price of oil and its derivatives, the federal government intervened in the refined-products market (gasoline, diesel and LPG) through a policy of incentives and subsidies consisting of subsidizing the IEPS tax. In mid-2021, the Federal Government, through Pemex, launched the company Gas Bienestar. In 2022, the Federal Government allocated 397.3 billion pesos to address the rise in

hydrocarbon prices and avoid so-called *gasolinazos*. These resources exceeded excess oil revenues (269.2 billion pesos). The result left a fiscal hole for the Federal Government of –128 billion pesos; however, “if one adds (or subtracts, if you prefer) another 111.7 billion pesos in VAT refunds” (Mexico Evalua, 2023), the total loss was as high as 239.7 billion pesos.

Mexico is the main foreign market for U.S. lubricants. Until 2015, Mexico absorbed 15.3% of U.S. lubricant exports. By 2024, that share increased to 42.9% of total exports. Between January and November 2025, Mexico’s share fell to 37.1% of the total. Between 2015 and 2024, U.S. lubricant exports to the world rose from 72.2 to 125.6 mbd (a change of 53.4 mbd) and Mexico absorbed 80.7% of global growth (43.1 mbd). Mexico increased its demand (a cumulative change of 379.1%) to a greater extent than the growth in U.S. lubricant exports –more than the rest of the world. So far in 2025, Mexico remains the main destination for these exports, followed at a distance by Brazil (10.2%), Belgium (8.7%), Canada (8.1%), Colombia (2.9%), Peru (2.4%), Nigeria (2.2%) and Singapore (1.7%).

In 2025, Mexico faces a serious cutback in U.S. lubricant imports. Between January and November 2025,

*The Mexican Navy (Semar) and the Ministry of Security and Citizen Protection reported the seizure of 10 million liters of fuel in Altamira, Tamaulipas. Estimates by specialists agree that the shipment should have been closer to 20 million liters of diesel. That is, half of the smuggled cargo was lost.*

*It is up to the Attorney General's Office (FGR) to determine the quantity and destination of the imported fuel, which was headed at the time by Alejandro Gertz Manero (current Mexican ambassador to the United Kingdom).*



*Image: "Ship is seized with 10 million liters of fuel oil at Tamaulipas" en [https://regeneracion.mx/historico-cae-buque-y-10-millones-de-litros-de-diesel-en-tamaulipas\\_2/](https://regeneracion.mx/historico-cae-buque-y-10-millones-de-litros-de-diesel-en-tamaulipas_2/)*

lubricant exports to Mexico amounted to 41.7 mbd. Over the same period in 2024, export volume was 53.4 mbd, an annual decrease of -21.8% (-11.6 mbd). Over the same years, U.S. lubricant exports to the world declined by -12.7 mbd (-10.1%). However, excluding Mexico, the contraction in lubricant exports shrinks to -1 mbd (-1.4%). In other words, the drop in Mexico's imports explains 91.8% of the decline in U.S. exports to the world. The fall in U.S. lubricant exports is not due to a generalized decline in the global market, but rather to the decline in Mexican consumption (Graph 29).

U.S. lubricant exports to Mexico fell amid global political uncertainty. The most recent demand shock of comparable magnitude occurred in 2022, when exports to Mexico declined by -34.3% year over year (or -12 mbd). However, after reaching a low in December 2022 (16.5 mbd), they accelerated again from the very beginning of 2023, reaching a historical peak of 64.7 mbd in October 2024. Since December 2024, U.S. lubricant exports to Mexico have shown a clear downward trend.

Over the past decade, the average price of imported lubricants fell by half. Between 2015 and 2024, im-

ports of lubricating oils from all countries rose from 420.2 to 876.2 million U.S. dollars (USD) (a change in dollars of 108.5%). The increase in imported volume from the United States was more than four times larger, while the total imported value barely doubled. Thus, over those same years, growth in the average unit price (dollars per barrel) was very likely negative<sup>72</sup> and may have fallen by -56.5%<sup>73</sup>. In 2021, the value of these imports reached USD 1.1 billion (a historical peak), but the energy crisis had not yet erupted in the prices of petroleum derivatives. The average value of the goods (lubricants) declared at customs decreased in price, both in dollars and in real pesos.

Smuggling is an excellent business because smugglers evade tax payments, including the entirety of the IEPS (Special Tax on Production and Services)<sup>74</sup> and a fraction of the VAT (Value-Added Tax). In this sense, in 2022, with the application of the gasoline

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<sup>72</sup> It is said "very probably" because we assume that imports from the United States are close to 100% of total lubricant imports. According to Banxico, in 2024 around 96.3% of total lubricant imports came from the United States.

<sup>73</sup> Between 2015 and 2024 the peso depreciated -13.3% against the US dollar.

<sup>74</sup> This occurs because the declared value of the imported products - smuggled - is lower than the market price of the product - actually - introduced. And VAT is charged on the value of taxable acts or property.

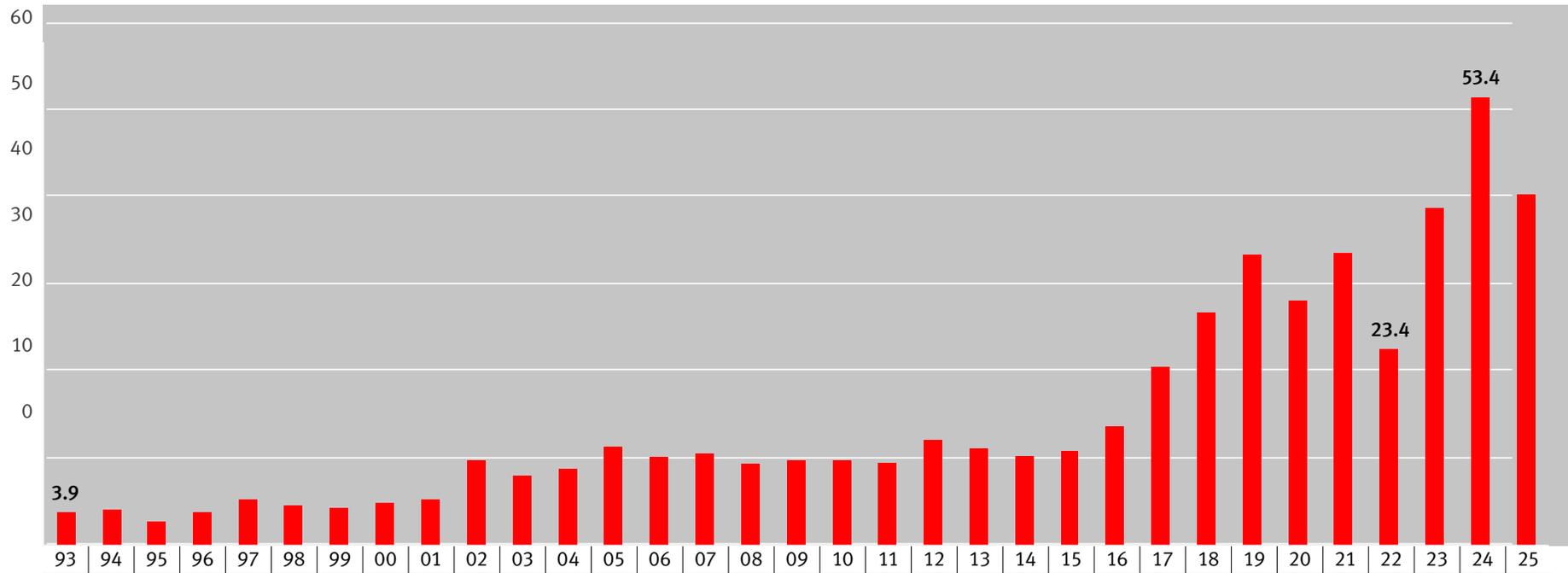
*There are two events that warrant attention and scrutiny:*

» *the artificial increase in Pemex's operational efficiency*

» *and the prolonged stagnation in diesel supply.*

GRAFICA 29. IMPORTS OF US LUBRICANTS (ACCUMULATED JANUARY TO NOVEMBER 1993–2025)  
(THOUSANDS OF BARRELS PER DAY)

THOUSANDS OF  
BARRELS PER DAY



Source: In-house elaboration with information from EIA.

*US lubricant exports to Mexico fell amid global political uncertainty.*

and diesel subsidy, incentives to bring in smuggled fuels declined due to the exemption from paying the IEPS. When the incentives were eliminated, fuel consumption (that is, a portion of which was “lubricants”) returned to the trajectory of the last ten years.

At the time, the SAT itself –whose head administrator was Raquel Buenrostro (currently the Secretary of Anti-Corruption and Good Governance)– acknowledged that, according to its estimates, between 2021 and 2022 smuggling of fossil fuels had gone from 101.6 (278.4 mbd) to 66.7 million barrels (182.7 mbd), a change of –34.4% (–95.6 mbd). The SAT’s conclusions were as follows:

*The reduction in fuel theft and smuggling coincides with the increase in complementary IEPS incentives on fuels during fiscal year 2022. Presumably this is the main reason for the reduction because, since IEPS payment is not required upon importation, in addition to the refund of the complementary incentive per liter in first-hand sales, the incentives for smuggling activity are suppressed.*

The excess supply of lubricants was already evident as of 2021. At the time (2021–2022), the SAT estimated that demand in the lubricant market was around 5.5 million barrels (15.1 mbd). In 2022, U.S. lubricant

*Mexico is the main market for U.S. lubricants abroad. Until 2015, Mexico accounted for 15.3% of U.S. lubricant exports. By 2024, that share had increased to 42.9% of total exports. Between January and November 2025, Mexico's share fell to 37.1% of the total.*



Image: Lubricants at <https://lacontradejaen.eldiario.es/comprender-como-se-clasifican-los-lubricantes-para-motores/>

imports were 23 mbd; that is, there was an excess supply of lubricants of 318.2% (or 17.5 mbd).

*As an example of the decrease in technical smuggling, a 62% reduction is observed in lubricant imports compared to what was observed in 2021. It should be noted that these products are not subject to IEPS payment and therefore are used as a means of evasion for the introduction of fuels.*

## Final considerations

The first year of Sheinbaum's administration confirms that the low growth observed in the previous six-year term was not a transitory phenomenon, but rather a structural condition that is beginning to deepen. The slowdown in investment, the deterioration in job quality, the loss of productivity in strategic sectors and the decline in business confidence do not respond solely to external or cyclical factors. These are trends that already display their own momentum and that, if not corrected in a timely manner, will compromise the country's capacity to sustain inclusive growth for the

remainder of the term.

The evidence presented throughout this section suggests that the economic model based on wage expansion, targeted public spending and flagship infrastructure projects has reached its limit. Without an environment of legal certainty, without a clear strategy to strengthen private investment and without an industrial policy that incentivizes productivity, wage increases and public transfers lose their ability to provide traction for economic activity. The result is a labor market that absorbs less formal employment, a productive structure that weakens and an economy that grows below its demographic potential.

At the same time, institutional fragility is beginning to be reflected in concrete economic indicators. The contraction in employer registrations, the decline in gross fixed capital formation and the retrenchment of business confidence constitute signals that go beyond the political conjuncture. The economy does not respond only to financial incentives; it also responds to clear rules, regulatory predictability and institutional balance. When these elements erode, the cost is not immediate, but it is cumulative. The challenge for Claudia Sheinbaum's administration is not merely to sustain the narrative of continuity with

*The economy responds not only to financial incentives; it also responds to clear rules, regulatory predictability, and institutional balance.*

*The first year of government makes it clear that rhetorical stability does not replace the need for structural adjustments.*

the 4T, but to redefine the foundations of economic policy under conditions of a narrower fiscal margin, greater demographic pressure and rising international competition. The first year of government makes clear that rhetorical stability does not substitute for the need for structural adjustments. Without a shift that strengthens investment, productivity and institutional certainty, Mexico runs the risk of normalizing insufficient growth that gradually erodes its engines of social mobility and prosperity.

On the other hand, the Mexican economy is compromised by the inflow of intermediate goods and inputs –primarily energy-related– of dubious origin. The evidence presented in this chapter points to an economy that moves in the shadows and avoids being counted: measurements may vary, but they consistently fall within a range close to 15–20% of GDP. At bottom, the phenomenon is neither marginal nor cyclical: it is fed by energy contradictions (supply, demand and “efficiencies” that are difficult to sustain) that, taken together, create space to distort figures, conceal flows and sustain a statistical normalcy that does not align with the real operation of markets.

In particular, fiscal huachicol –and its technical variants– has operated through tax evasion and the use

of tariff classifications that make it possible to bring fuels in under other denominations. The SAT itself acknowledged, based on its estimates, that between 2021 and 2022 smuggling of fossil fuels went from 101.6 to 66.7 million barrels (a decline of –34.4%), coinciding with the increase in complementary IEPS incentives in 2022 and the alteration of incentives for smuggling. In parallel, the “excess” in lubricant imports reinforces the pattern: for 2022, the SAT estimated demand of around 5.5 million barrels (15.1 mbd), versus U.S. imports of 23 mbd –i.e., an excess supply of 318.2% (17.5 mbd)– as well as a 62% reduction in imports compared to 2021 associated with “authorized smuggling.”

The Mexican state appears overwhelmed; however, the chapter suggests a more serious scenario: that part of the damage is self-inflicted, facilitated, or tolerated by public officials at the highest level, within an arrangement in which the boundary between authority and criminality becomes deliberately blurred. In that context, pressure from the U.S. government has functioned as an external factor that helps expose portions of the political–criminal network, but it does not substitute for internal capacities for control, oversight and accountability. Therefore, even if in 2025 a likely decline in fossil-fuel smuggling is

*The economic model based on wage expansion, targeted public spending, and flagship infrastructure projects has reached its limit.*

*Without an environment of legal certainty, without a clear strategy to strengthen private investment, and without an industrial policy that incentivizes productivity, wage increases and public transfers lose their ability to drive economic activity.*

observed, there are not sufficient elements to argue that a structural break exists: the networks have shown resilience in the face of the health crisis and the energy crisis and they can rapidly reconfigure.

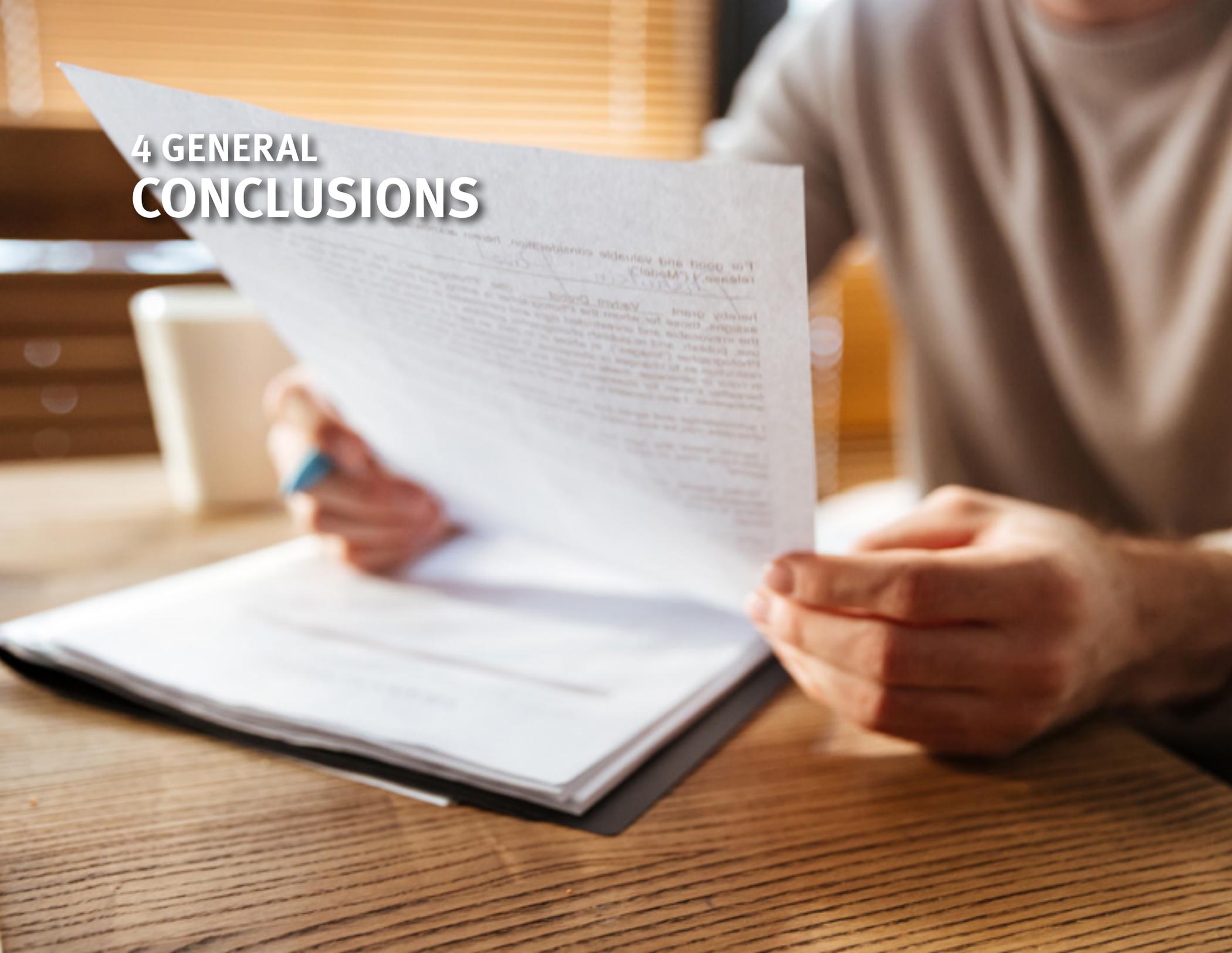
*The Mexican state appears overwhelmed. However, a more serious scenario is perceived: that some of the damage is self-inflicted, facilitated, or tolerated by high-ranking public officials, in a system where the line between authority and criminality is deliberately blurred.*



## Economic growth: Unfinished business

- 
- » Low economic growth is now structural, compromising the country's capacity for future growth.
- 
- » Insufficient investment, low-quality employment, loss of productivity, and declining business confidence are not temporary; they demonstrate an inherent tendency.
- 
- » The economic model based on wage expansion, targeted public spending, and flagship infrastructure projects has lost its ability to drive economic activity.
- 
- » The contraction of registered employers, the drop in investment, and the decline in business confidence are signs that transcend the current political situation.
- 
- » The Mexican economy operates in the shadows and is not properly accounted for. The discrepancy represents between 15 and 20% of GDP.
- 
- » The Mexican state appears overwhelmed. The damage is self-inflicted, facilitated, or tolerated by high-level public officials.
- 
- » Public transfers generate a labor market that absorbs less formal employment, a weak productive structure, and low growth.
-

# 4 GENERAL CONCLUSIONS



# GENERAL CONCLUSIONS



The assessment of the first year of Claudia Sheinbaum's administration confirms that Mexico is not going through a period of administrative transition, but rather a phase of structural consolidation of a political, social and economic model whose limits were already visible in the previous six-year term. Far from correcting inherited distortions, the new administration has deepened dynamics that combine concentration of power, weakening of checks and balances, budgetary expansion without institutional redesign and an economy whose growth rate is insufficient to generate formal and productive jobs at the pace demanded by the expanding working-age population. The risk lies not only in the persistence of problems, but in their normalization.

IN THE SPHERE OF GOVERNANCE, the data show an unprecedented legislative subordination, a judicial reform with low participatory legitimacy, the dismantling of strategic autonomous bodies and a security environment in which a reduction in homicides coexists with rising disappearances and extortion. This reordering of power has not strengthened the State's institutional capacity; on the contrary, it has narrowed the space for democratic deliberation and weakened mechanisms of transparency and accountability. Political concentration may generate operational effectiveness in the short term, but it erodes public trust and limits the capacity for institutional correction in the medium term.

*The first year of Claudia Sheinbaum's government confirms that Mexico is not going through a period of administrative transition, but rather a phase of structural consolidation of a political, social, and economic model.*

*The risk lies not only in the persistence of problems, but in their normalization.*

**IN THE SOCIAL DOMAIN**, the historic expansion of spending on Welfare programs has not translated into a structural transformation of poverty or a sustained improvement in social mobility. The loss of progressivity in resource allocation, declining coverage for the poorest households, deterioration in public health, low financing for the population without social security and learning setbacks all indicate that the current model prioritizes cash transfers over capacity building. The political reach of social policy has expanded, but an integrated system for protection and the guarantee of rights has not been consolidated. The reduction in poverty observed in recent years' rests more on liquidity effects than on structural changes in productivity, educational quality, or effective access to services.

**ON THE ECONOMIC FRONT**, the deterioration is even clearer. The growth rate is the lowest since NAFTA entered into force; GDP per capita is declining; industrial activity has entered a contractionary phase; mining and construction are weakening; and strategic sectors such as the automotive industry show signs of acute crisis. Wage growth, although significant, has not triggered sufficient domestic dynamism nor offset the decline in private investment and legal uncertainty. Mexico's economy not only grows little; it

is losing the structural capacity to generate quality jobs, attract sustainable investment and maintain welfare over the long term.

**IN ENERGY**, the first year consolidates a set of imbalances that were already operating as a structural brake: a hydrocarbons policy that fails to reverse the decline in crude oil production and, at the same time, a refining system still captured by operational inefficiencies—reflected in high fuel oil output—and by modernization projects that do not deliver verifiable results. The paradox is that the economy demands more electricity in certain productive segments, while rigidities persist in transportation fuels and an environment in which smuggling and imports of dubious origin distort the market and introduce fiscal, regulatory and security risks. The outcome is not merely technical: energy becomes a source of macroeconomic and governance vulnerability, because it raises costs, limits competitiveness and narrows the State's ability to plan and regulate at a time when the energy transition would require certainty, investment and clear rules.

**THE CONTINUITY OF THE PROJECT** initiated in 2018 represents, more than a “second floor,” the extension of an institutional and economic architecture

that failed to consolidate sustained growth, strengthen the rule of law, or structurally reduce inequality. The inherited legacy –investment gaps, institutional weakening, political centralization and low real growth– has not been corrected; in some cases, it has deepened. This places the country on a trajectory in which room for maneuver narrows as the years of the term advance.

Mexico faces structural problems that demand deep reforms in governance, social policy and the productive model. The direction observed during the first year does not appear commensurate with the magnitude of these challenges. When political concentration combines with economic stagnation and fragmented social policy, the risk is not only low growth, but the consolidation of a low-performance equilibrium characterized by weak institutions, low productive dynamism and limited social mobility.

The first year of government has already set the coordinates. What is at stake is not merely the evaluation of an administration, but the capacity of the Mexican State to reverse a trajectory that, if maintained, will compromise the development opportunities of the next generation.

*When political concentration is combined with economic stagnation and fragmented social policy, the risk is not only low growth, but the consolidation of an equilibrium of low institutional performance, low productive dynamism and low social mobility.*



THE LEGACY RECEIVED – INVESTMENT LAG, INSTITUTIONAL WEAKENING, POLITICAL CENTRALIZATION AND LOW REAL GROWTH – HAS NOT BEEN CORRECTED; IN SOME CASES IT HAS DEEPENED.

## IN THE FIRST YEAR OF GOVERNMENT OF CLAUDIA SHEINBAUM:

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### IN TERMS OF GOVERNANCE:

- » Legislative subordination
- » Judicial reform with low legitimacy
- » Extinction of autonomous bodies
- » Reduction in homicides coexists with an increase in disappearances and extortion.

### ON THE ECONOMIC FRONT:

- » Very low growth rate
- » GDP per capita declines
- » Contractionary industrial activity
- » Crisis in strategic sectors (automotive)
- » Wage growth has not compensated for the drop in investment and legal uncertainty.

### IN THE SOCIAL SPHERE:

- » Welfare programs without improving social mobility
- » Deterioration in public health
- » Population without social security
- » Learning gaps
- » Lack of guaranteed rights.

### IN THE ENERGY SECTOR:

- » Consolidation of imbalances in hydrocarbon policy.
- » Neglect of electricity demand in productive sectors.
- » Energy transition requires certainty, investment, and clear rules.

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DIRECTION IN THE FIRST YEAR OF GOVERNMENT**

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