



August 2024



Top Highlights

Federal Cabinet Appointments: President-Elect Claudia Sheinbaum has appointed the following members to her cabinet:

- Coordinator of Policy and Government: Arturo Fernando Zaldívar Lelo de Larrea
- General Coordinator of Intergovernmental Affairs and Social Participation: Leticia Ramírez Amaya
- Private Secretary to the President: Carlos Augusto Morales López
- Technical Secretary of the Presidential Cabinet and General Coordinator of Wellness Programs: Carlos Torres Rosas
- General Director of the Federal Electricity Commission (CFE): Emilia Esther Calleja Alor
- General Director of Mexican Social Security Institute-Welfare (IMSS-Bienestar): Alejandro Ernesto Svarch Pérez
- Secretary of Women's Affairs: Citlalli Hernández Mora
- Head of the Institute for Mexicans Abroad (IME): Tatiana Clouthier Carrillo
- General Director of Institute of Social Security and Services for State Workers (ISSSTE): Martí Batres Guadarrama
- Position to be defined: Leonel Cota Montaña
- General Director of Petróleos Mexicano (Pemex): Víctor Rodríguez Padilla
- Position to be defined, but will remain in the government: Octavio Romero Oropeza

President-Elect Sheinbaum's Government Priorities: After meeting with the majority of governors from the 32 states, Sheinbaum announced that she will prioritize water management and supply, infrastructure projects – including completing at least one major project per state, such as train and highway construction – and social programs. These priorities will be prominently reflected in the 2025 federal budget. She estimated a deficit of 3 percent for 2025 and stated that 300 billion pesos will be allocated to investment projects.

Official Congressional Results: The General Council of the National Electoral Institute (INE) approved, by majority vote, the allocation of federal Representatives. In addition, the council unanimously approved the assignment of Senate seats under the principle of proportional representation (RP) to various political parties, including PAN, PRI, PT, PVEM, MC and Morena. The Superior Chamber of the Electoral Tribunal of the Federal Judiciary (TEPJF) later upheld this decision by majority vote. As a result, Morena and its allies – the Green Ecologist Party of Mexico (PVEM) and the Labor Party (PT) – secured 364 federal deputy positions and 83 Senate seats, achieving a constitutional majority in the House of Representatives, thereby granting them the power to pursue constitutional reforms.

Bank of Mexico Reduces Interest Rates: In a 3-2 decision, the Bank of Mexico (Banxico) voted in favor to reduce the benchmark interest rate to 10.75 percent due to current economic conditions. The bank projects that inflation will rise toward the end of 2024, indicating a potential adjustment in its strategy to address inflationary pressures.

FDI Reaches Record of US\$31.1 Billion: In the first half of 2024, foreign direct investment (FDI) grew by 7.2 percent year-on-year, with the manufacturing sector being the main beneficiary, accounting for 54 percent of the total.



Congress Report

Constitutional Reforms: The Constitutional Affairs Committee of the House of Representatives approved several constitutional reforms presented by President Andrés Manuel López Obrador. These reforms include initiatives focused on support for youth, retirement pensions, salaries, housing for workers, railways and transport, austerity and public officials' pay, Indigenous and Afro-Mexican communities, water, food and environmental protection, medical care, wellbeing and health protection. The bills are pending to be approved in the Plenary of the House of Representatives.

Judicial Reform Discussion Process: The constitutional judicial reform presented as part of President López Obrador's reform package was approved in the Constitutional Points Committee of the House of Representatives, and now awaits approval by the Plenary of the House. This reform will be a priority for the LXVI Legislature. For its approval, the favorable vote of two-thirds of the House and the Senate, as well as the majority of Local Congresses, is required. Following the June 2024 elections, the Morena party and its allies have a qualified majority in the House, which would allow the party to pass the reform without needing to negotiate with the opposition. It should be reiterated that the reform proposes replacing all Ministers, Magistrates and Judges of the Federal Judiciary through direct election by citizens, with an extraordinary election scheduled within one year after the reform's entry into force, without a transition regime for the continuity of pending processes. Additionally, the size of the court would be reduced to nine ministers, the chambers would be eliminated and the Federal Judiciary Council would be replaced by a Judicial Discipline Tribunal and an Administrative Body.



Executive Branch

President López Obrador's Declarations on U.S.-Mexico Relations: President López Obrador announced that relations with the U.S. and Canadian governments were being "paused" following criticism of his proposed judicial reform, which includes electing judges by popular vote. U.S. Ambassador Ken Salazar warned that this reform could endanger Mexican democracy and the trade relationship with the U.S., a concern echoed by Canada. However, President López Obrador clarified that diplomatic relations with the U.S. and Canadian governments remain intact, with the "pause" applying only to their embassies in Mexico.

Draft Standard for Human Blood Disposal Released by Ministry of Health: The Ministry of Health published a draft of the Mexican Official Standard NOM-253-SSA1-2024 for the Disposal of Human Blood and Its Components for Therapeutic Purposes. This draft of the Mexican Official Standard aims to establish the activities, criteria, strategies and operational techniques within the National Health System for the handling of human blood and its components for therapeutic purposes. The regulation of blood-derived products, such as albumin, immunoglobulins and coagulation-factor concentrates, which are obtained through physicochemical or biological processes, will be addressed by other regulations.

Amendment to Verification Procedures in the Electricity Sector: The Energy Regulatory Commission (CRE) has issued a modification to Agreement A/007/2023, which previously amended Agreement A/037/2016. This agreement sets forth the criteria and methodology for determining the verification or inspection visits that must be conducted, particularly in the electricity sector. The purpose of this modification is to refine the current procedures for selecting, analyzing and closing verification visits. The goal is to provide greater certainty to regulated entities regarding the selection mechanism, as well as to clarify the specific verification procedures for power plants, inspection units, supply permits and nonpermitted regulated entities.



Public Consultation on "Repo Rules": Banxico has opened a public consultation on adjustments to the "Repo Rules." These measures will apply to credit institutions, brokerage houses, investment funds, specialized investment companies for retirement funds, general deposit warehouses, insurance institutions, bonding institutions and regulated multiple-purpose financial companies with equity ties to a credit institution, as well as the National Agricultural, Rural, Forestry and Fisheries Development Finance Institution.

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