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GALLEGO



"PLAN MÉXICO"

COMPREHENSIVE STRATEGY FOR
ECONOMIC GROWTH AND SHARED
PROSPERITY

On January 13th, 2025, President Claudia Sheinbaum announced “**Plan México**” (the “Plan” or “Plan Mexico”), an ambitious initiative aimed at transforming Mexico into one of the **world’s ten largest economies by 2030**. The Plan outlines **strategic goals** to **boost the domestic market** across different industries, **increase global competitiveness** and foster **sustainable development** while enhancing the **quality of life** for all citizens. The Plan was categorized by President Sheinbaum as the forecast for the country's development, aiming to maintain the flow of investments through collaboration between the Mexican Government and the private sector.

President Sheinbaum also highlighted that each state in the Mexican territory will create its own plan, using the Plan as a baseline. She further stated her commitment to maintaining the United States-Mexico-Canada Agreement (**USMCA**), as it can be used as a powerful tool to **compete against China**.

This document highlights key components, immediate actions and **sector-specific strategies** under the Plan, that will serve as the foundation during President Sheinbaum's administration.

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I. KEY OBJECTIVES.

1. **Enhancing Domestic Production.** Focus on maximizing the integration of locally produced inputs in strategic industries to strengthen the national economy, by increasing the use and production of goods made in Mexico to 50% (fifty percent).
2. **Job Creation.** Generate high-paying jobs in manufacturing, technology, and innovation sectors.
3. **Developing Supply Chains.** Strengthen local supply chains by promoting value-added production.
4. **Industrial Development.** Establish industrial corridors and "well-being hubs" across the country.
5. **Attracting Investments.** Focus on investments aligned with competitiveness and social welfare.
6. **Regional Integration.** Strengthen Mexico's position in the regional economy of the Americas.

II. GOALS FOR 2030.

1. Rank among the **top ten global economies** by Gross Development Product ("GDP"). To date, Mexico is the 12th largest economy in the world by GDP.
2. Create **1.5 million (one point five million) of specialized jobs**. To create new specialized positions in manufacturing and innovation.



3. Attract **US\$100 bn annually in Foreign Direct Investment (FDI)** to Mexico.
4. Ensure **50% of domestic consumption** in textiles, footwear, furniture, and toys is sourced from local suppliers.
5. Achieve over **15% domestic content** in strategic value chains, including electronics and automotive.

6. Require **50% of public procurement** to prioritize Mexican-made products.
7. Reduce **bureaucratic processing times by 50%** using a national unified digital platform.
8. Establish full domestic vaccine production capacity, including **mRNA vaccines**.



9. Train **150,000 new technicians and professionals** annually to meet workforce demands.
10. Enable **30% of small and medium-sized enterprises** ("SMEs") to access affordable financing options.
11. Reduce poverty and inequality.

III. IMMEDIATE ACTIONS (JANUARY 2025 - APRIL 2025).

1. Key Decrees:

- **Nearshoring Incentives.** Allow accelerated depreciation of investments through 2030 to **attract supply chain** relocation.
- **Industrial Zones.** Declare new "Welfare Development Poles" to spur economic growth in key regions.

[1] The "Polos de Desarrollo para el Bienestar" areas delimited geographic areas that have the conditions to attract investment and enhance productive capacities, with the purpose of driving economic and social development in the region.

2. SME Support:

- Launch a **special financing fund** for micro, small and medium enterprises (MSMEs) and exporters. The President Claudia Sheinbaum announced that this banking fund for MSMEs will be launched in February, 2025.
- Develop partnerships between local suppliers and large importers to integrate supply chains.

3. Administrative Simplification:

- Launch of **IMMEX 4.0**, a program designed to consolidate export procedures, reduce administrative processing times by **50%** for new businesses and enhance operational efficiency in supply chain management.
- Enact the **National Law for Simplification and Digitalization**, streamlining government services and licensing.

4. Energy and Infrastructure Development:

- Issue new rules for **private energy generation** (0.7 MW to 20 MW projects).
- Enable public-private partnership models for key infrastructure projects. By February 7th, 2025, launch new rules regarding energy consumption and legal frameworks for private sector participation in generation.

5. Strategic Projects:

- Invest in critical sectors, including **drone technology, satellites, pharmaceutical production and data centers**.

6. Monitoring and Financing:

- Establish weekly reviews to track progress in 94 industrial parks.
- Implement collaboration agreements with banks and financial institutions to offer SME loans at an **annual interest rate of 5%**.

7. Tourism:

- Position Mexico in the **top five** tourist **destinations** in the world.



IV. PRIORITY SECTORS AND STRATEGIC GOALS.

1. Automotive Industry & Semiconductors.

A. Goals for 2030:

- Increase domestic vehicle production by 10%.
- Achieve **15% local content** in vehicles manufactured in Mexico.
- Expand domestic production of trains and automotive components.
- Double local supply in equipment manufacturing.
- **Reduce** dependency on semiconductors by **10%** and replace it with employment in the sector.
- Double the value of exports.

B. Key Actions:

- Launch **10 electromobility public transportation projects** aimed at reducing carbon emissions, supporting sustainable urban development and modernizing infrastructure.
- Announce the creation of IMMEX 4.0.

- **Simplify regulatory approvals**, including the Rule 8 (eight)² process and streamline **permits for steel, fuel** and components.
- Develop domestic suppliers for steel, plastics and fasteners.
- Establish clear regulations and incentives for electric vehicle **(EV) charging infrastructure**.
- Announce **immediate VAT refund** for companies that demonstrate local supply ranging from **40% to 80%**.

C. Major Projects:

- **Stellantis**. Conversion of a manufacturing plant to produce electric vehicles for the domestic market. The construction of a new plant has been announced which will be based in the state of Estado de México.
- **Welfare Route**. Develop public electromobility transportation systems in 10 (ten) states, including Mexico City, Nuevo León and Jalisco, among others.
- **Olinia**. Launch a 100% Mexican-designed and assembled electric vehicle brand.³



[2] [PROSEC and Rule 8 Mexico \(Foley & Lardner LLP\)](#).

[3] [Mexico launches Olinia First Domestic EV](#).

2. Pharmaceutical and Medical Devices.

A. Goals for 2030:

- Attract **US\$2 bn annually** in scientific research and development.
- Increase domestic production of **medical inputs, chemicals** and **devices** by 15%.
- Manufacture **mRNA vaccines** and develop biosimilar/biogenic drugs.

B. Key Actions:

- **Simplify approvals for low-risk pharmaceuticals and devices** to accelerate production timelines.
- Collaborate with state governments to **improve federal healthcare infrastructure**.
- Replace imported products with locally manufactured goods supported by preferential financing.
- Expand public procurement to ensure **60% of purchases** come from Mexican producers within six years.

C. Major Projects:

- Establish a state-of-the-art facility to **produce mRNA vaccines**, utilizing technology from **Moderna** and **Pfizer**.



3. Energy Sector.

A. Goals for 2030:

- Increase Mexico's electricity generation capacity by **20,000 MW**.
- Double the country's **natural gas** storage capacity.
- Expedite private energy generation permits for **mid-sized projects** (0.7 MW to 20 MW).
- Build **pipelines** to provide natural gas to underserved regions.

B. Key Actions:

- Simplify the process of permit approvals by emphasizing collaboration between the **Energy Regulatory Commission ("CRE")**⁴ and the **Federal Electricity Commission ("CFE")**, ensuring expedited and transparent approvals for energy projects.
- Announce a **CFE plan** to **expand capacity** through **private-sector participation**.
- Allow private partnerships for **exploration** and **generation of hydrocarbons**.

C. Major Projects:

- Acquire a U.S.-based natural gas company to expand supply capacity.
- Develop the **El Naranjo hydroelectric plant** (750 MW) in Veracruz as part of a public-private joint venture.

[4] On December 20th, 2024, a constitutional reform decree on administrative simplification was published in the Official Gazette of the Federation, effective December 21st, 2024. This reform dissolves seven autonomous bodies, including the CRE, transferring their functions to various federal executive entities. In the energy sector, regulatory, technical, and economic oversight, as well as enforcement authority concerning energy and hydrocarbons, will now be exercised by the federal government. However, it remains unclear whether these responsibilities will be specifically assigned to the Ministry of Energy, as the implementing legislation will define the precise allocation of duties among the relevant executive entities.

4. Mining Sector.

A. Goals for 2030:

- Substitute 20% of copper imports with domestic production.
- Expand mining of key resources, including **graphite, zinc** and **lithium**.
- Develop **mixed investment models for lithium mining**.

B. Key Actions:

- Reform mining laws to encourage private exploration under new frameworks.
- Partner with **Grupo México** for large-scale mining projects, including the Sonora Plan.⁵
- Streamline environmental impact assessments to reduce approval timelines.

C. Major Projects:

- Develop a **copper joint venture in Sonora**.

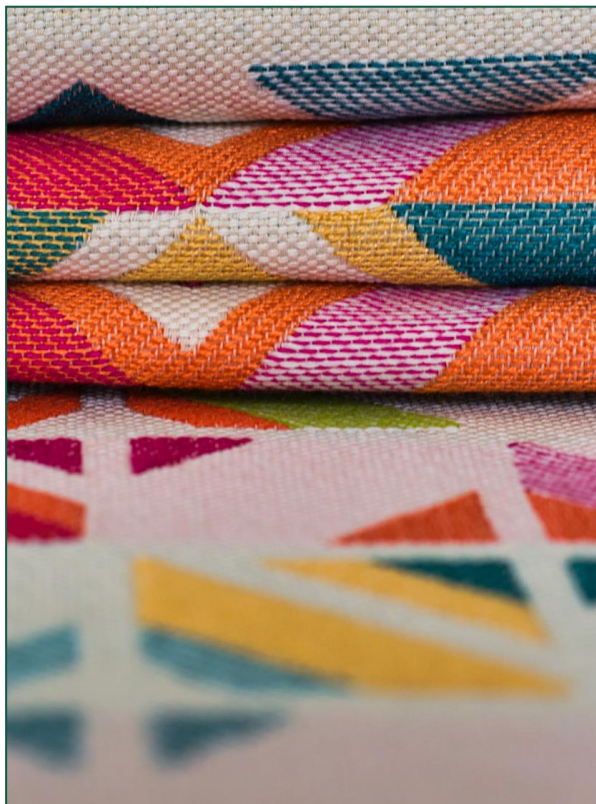


[5] [Sonora Plan](#).

V. TAX INCENTIVES.

Plan Mexico creates significant opportunities for domestic and international businesses in key sectors, including:

- **Automotive and Electromobility.** Investments in electric vehicle production, infrastructure, and public transport projects.
- **Pharmaceuticals and Healthcare.** Opportunities in local manufacturing, vaccine production, and public procurement contracts.
- **Energy and Infrastructure.** Incentives for private energy generation and partnerships for large-scale infrastructure projects.
- **Mining.** Access to strategic resources with new investment frameworks for lithium, copper, and rare minerals.
- **Textile.** Investments in domestic content aimed at **replacing Chinese imports** from 36% to over 50%.



Streamlined **administrative processes** and robust **nearshoring incentives** significantly reduce operational barriers, positioning Mexico as a prime destination for global investment. Businesses that align their strategies with the Plan's objectives stand to gain a competitive edge and unlock substantial growth potential in a rapidly evolving market.

The Plan promotes long-term economic growth for Mexico. Furthermore, it provides guidance on what to expect during President Sheinbaum's administration and incentivizes national and international companies willing to invest in Mexico, as **this Plan aims to promote cooperation between the government and the private sector to enhance the living conditions of Mexican citizens.**

On January 21st, 2025, a decree was published granting **tax incentives as part of the "Plan Mexico"**⁶ initiative to encourage **business relocation, dual training programs, and technological innovation**. These measures include immediate deductions for investments in new fixed assets and additional deductions for expenditures on training and innovation.

The **incentives will be available** through **September 30th, 2030**, with a budget cap of approximately US\$1.68 billion, of which at least US\$56 million are allocated to SMEs with annual revenues of less than US\$5.6 million.

To qualify, companies must submit specific projects and agreements with the Ministry of Public Education (SEP) and obtain certifications from the Evaluation Committee. This decree aims to strengthen regional value chains and position Mexico as a leader in technological and economic development.

VI. POTENTIAL IMPACT WITH PRESIDENT TRUMP'S INCIPIENT EXECUTIVE ORDERS.

On **January 20th, 2025**, President **Donald Trump** signed a series of **executive orders** that have significant **implications** for **Mexico**. These actions encompass **immigration policies, trade measures, and security initiatives**, all of which are poised to influence the **bilateral relationship** between the United States and Mexico.

1. Immigration and Border Policy.

- Declared a **national emergency at the U.S.-Mexico border**.
- Reinstated the **"Remain in Mexico" policy**, requiring asylum seekers to wait in Mexico during U.S. immigration proceedings.
- Mexico's responsibilities for providing **shelter and security to migrants**.
- **Deployed U.S. troops** to the **border** and resumed border wall construction to strengthen border security.



[6] [Decree Granting Tax Incentives to Support the National Strategy Known as "Plan Mexico" to Promote New Investments, Encourage Dual Training Programs, and Foster Innovation.](#)

2. Trade Measures.

- Reports and recommendations due by **April 1st 2025**, to address: **(i)** causes of the persistent trade deficit; **(ii)** strategies to combat unfair foreign trade practices and **(iii)** impacts of the USMCA, currency manipulation, and trade agreement reciprocity.
- President Trump had announced the imposition of a **25% tariff on Mexican goods** entering the United States as of February 1, 2025st.

3. Security Initiatives.

- Designated **Mexican drug cartels as foreign terrorist organizations (FTO)** to combat drug trafficking and violence.
- Raised concerns about potential U.S. unilateral actions impacting Mexican sovereignty.
- Mexican President Claudia Sheinbaum rejected U.S. military intervention, emphasizing mutual respect and collaboration.
- US entities doing business in Mexico shall strengthen due diligence (together with representations and warranties under the corresponding contracts) addressing compliance with regulations from the Office of Foreign Assets Control (**OFAC**) when dealing with Mexican counterparts.

4. International Policies.

- Trump has reinforced his **"America First" policy** by prioritizing U.S. interests in international matters.
- This approach is evident in his decisions to **withdraw from the World Health Organization (WHO)** and the **Paris Agreement**, signaling a shift away from multilateral cooperation in global health and climate initiatives.

[7] [Paris Agreement](#).

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