EXPEDIENTE ABIERTO

THE SHEINBAUM ADMINISTRATION'S CAUTIOUS ENGAGEMENT WITH CHINA IN MEXICO

July 2026

R. Evan Ellis

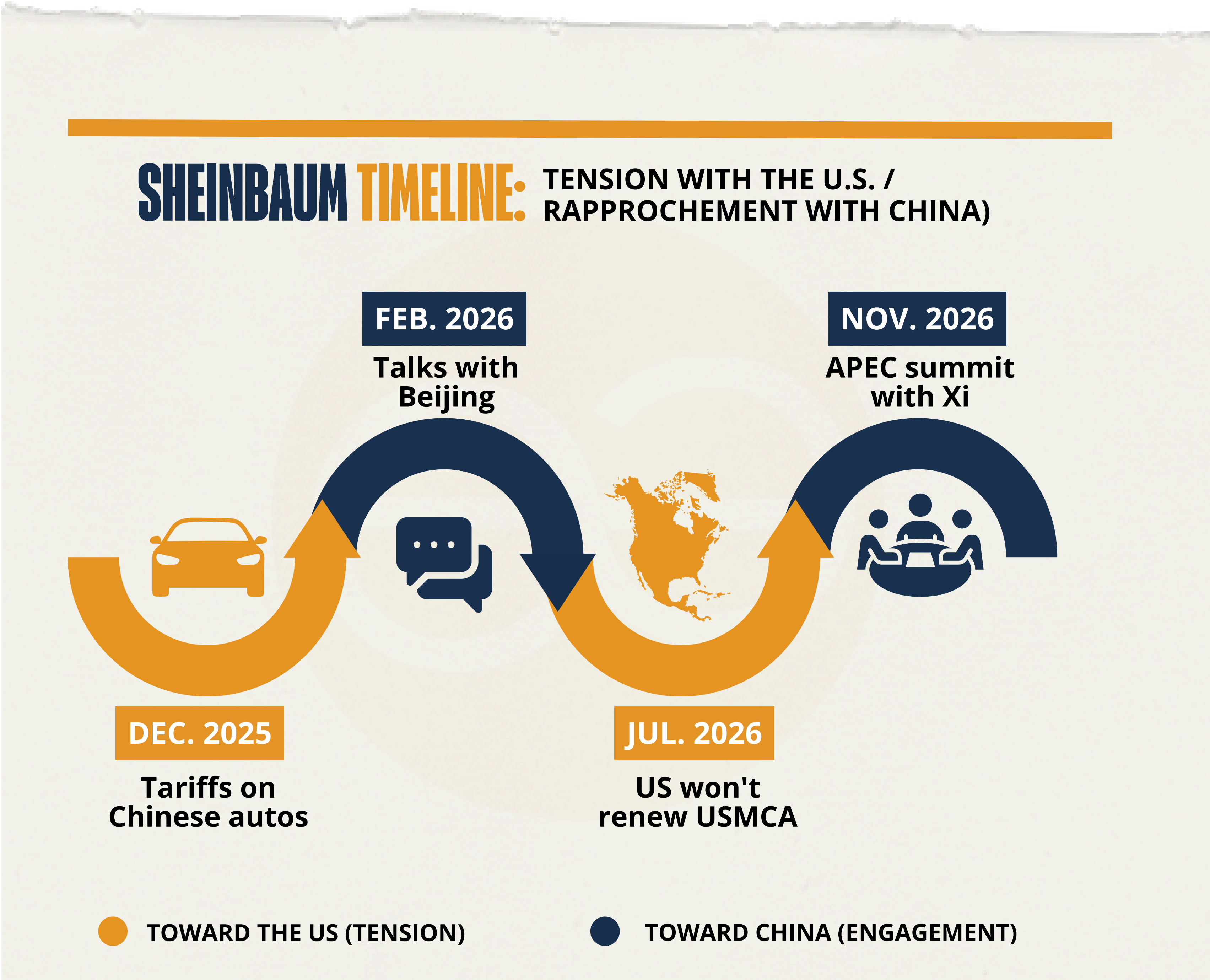
INTRODUCTION

Claudia Sheinbaum's government in Mexico has sought to navigate a delicate balance between cooperation with the United States, Mexico's biggest export market, source of remittances and security partner, and the People's Republic of China (PRC), an important potential source of investment and trade with Mexico, particularly as the trade and political relationship with the U.S. has become increasingly unpredictable and occasionally tense.

In the context of preliminary negotiations with the Trump Administration over the future of the U.S.-Mexico-Canada Free Trade Agreement (USMCA), in December 2025, Mexico imposed significant new tariffs on a range of products from countries with which Mexico does not have a current Free Trade Agreement. These included a tariff of up to 50% on autos from the PRC. As an offset, however, Sheinbaum's government also held high-level talks with her Chinese counterparts to explain Mexico's action, and announced that she will be attending the Asia Pacific Economic Cooperation forum (APEC) leaders' summit in Beijing in November 2026, setting the state for a bilateral summit between Sheinbaum and Xi from which deepened economic, political, and other cooperation could flow.

President Sheinbaum's balancing act between China and the US takes on particular importance in light of U.S. government's July 2026 declaration that it will not automatically renew USMCA, removing a key incentive for Mexico's restraint in its relationship with the PRC. The path that Mexico will follow will be shaped by complex imperatives, including its longstanding interest in building a strategic commercial and political relationship with the PRC without alarming Washington, and courting partnerships and PRC investment in select sectors, while facing domestic pushback due to Mexico's constantly enormous trade deficit with the PRC.

This article examines the current state of PRC engagement with Mexico and the direction it may take. It is based on the author's conversation with experts in Mexico City at the end of July 2026 and supporting research.



POLITICAL

During the past quarter-century, as China has expanded its commercial and other engagement in the region, successive Mexican governments on both the left and right have sought to build a strategic relationship with the country, albeit without aligning Mexico against the United States.

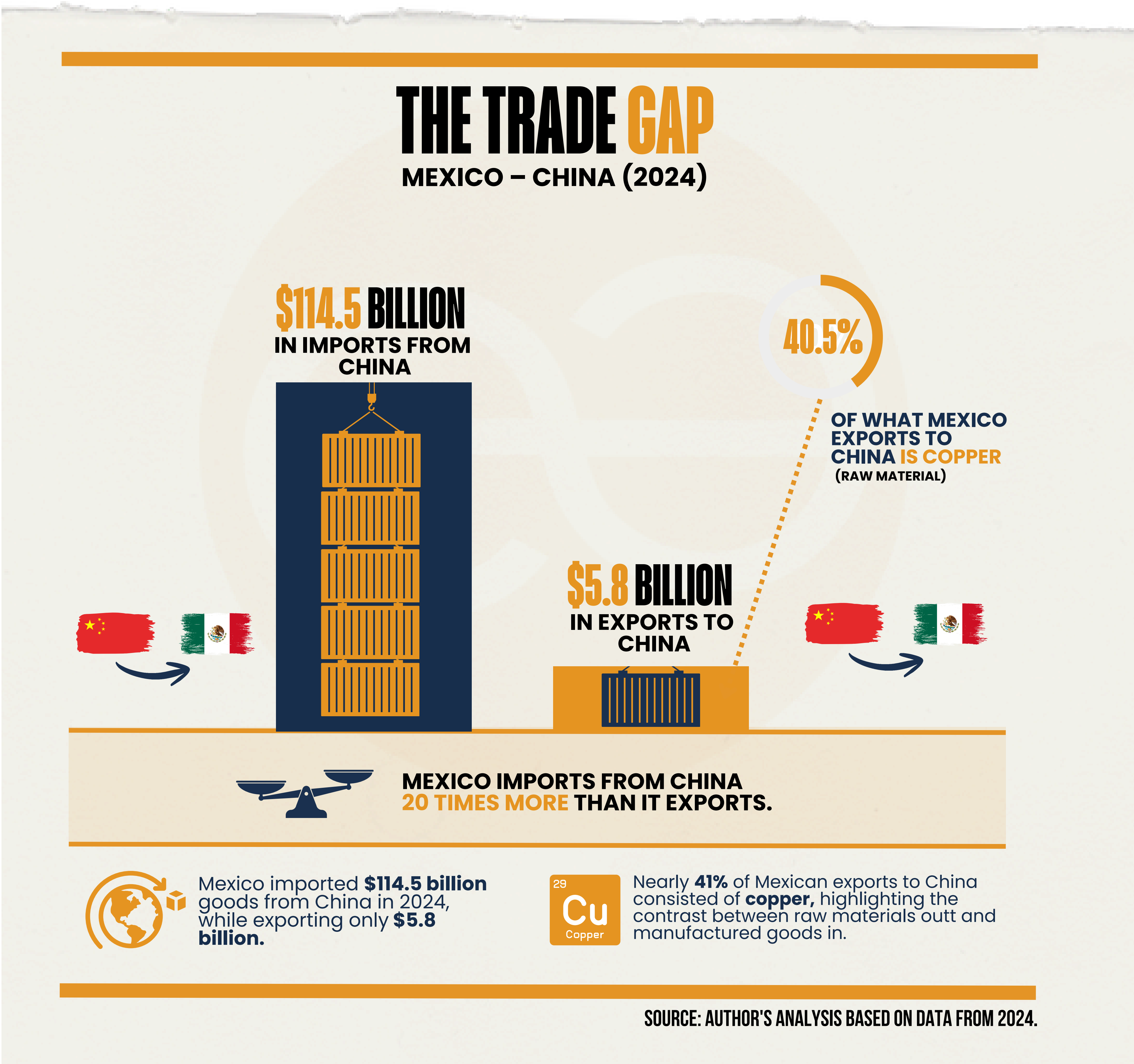
As long ago as 2003, the center-right Mexican National Action Party (PAN) government of Vincente Fox agreed a Strategic Partnership with the PRC, one of the first countries in the region to do so. In 2013, the Institutional Revolutionary Party (PRI) government of Enrique Peña Nieto upgraded the relationship to a Comprehensive Strategic Partnership.

In May 2014, Mexico hosted the first meeting between the PRC and the recently formed Community of Latin American and Caribbean States (CELAC), with President Xi traveling to Mexico, including a state visit with his counterpart, Peña Nieto for that important occasion.

As noted previously, amidst tensions with the U.S. over trade and security issues, Mexico's current President Claudia Sheinbaum will visit China in November 2026 for the APEC Leaders summit, with a likely summit with her counterpart that will deepen China-Mexico cooperation.

TRADE

PRC-Mexico trade, which has expanded exponentially since the acceptance of the PRC into the World Trade Organization (WTO) in 2001, has always been heavily lopsided in China's favor. In 2024, Mexico imported $114.5 billion in goods from China, principally telephones, consumer electronics and other high value-added items. In the same period, it exported only $5.8 billion to it, of which 40.5% was copper and its derivatives.



Beyond goods and services, Mexico is a key Latin American destination for Chinese tourism, with over 224,000 Chinese arriving by air to visit Mexico in 2025 alone, an increase of 15% over the prior year.

INVESTMENT

From 2000 through 2024, the "Monitor of Chinese Overseas Foreign Direct Investment in Latin America" estimates that PRC-based companies invested $24.8 billion in Mexico, in 186 recorded transactions, more than 12% of all such investment by PRC-based companies to the region.

Chinese companies have been active in Mexico from the early 2000s in sectors from ports to telecommunications, to autos and other manufacturing. The expansion of the PRC commercial presence in Mexico particularly accelerated in the 2020s with the global focus on "nearshoring," as PRC-based companies invested in warehousing, distribution and assembly operations in the north of the country, seeking to maintain or expand commercial access to the U.S. At the peak of such nearshoring investment in 2023, PRC-based companies announced almost $4 billion in investments in Mexico.

With growing PRC trade with and investment in Mexico, the community of businesspersons focused on China-Mexico commerce has expanded as well. Two of the key public groups representing that community are currently the Beijing-based Mexican Chamber of Commerce in China (MEXCHAM), currently headed by Efre Calvo Adame, and the Mexico City-based Mexico-China Chamber of Commerce and Technology.

PETROLEUM

Mexico's petroleum sector was an early area of interest for the PRC. During President Xi's November 2014 trip to Mexico for the China-CELAC summit, his government offered a $2.4 billion petroleum-centered investment fund.Chinese companies initially helped to finance and participated in Mexico's giant $20 billion Olmeca ("Dos Bocas") refinery. In 2016, CNOOC acquired, and subsequently entered into a contract to explore and develop two oil blocks in Mexico's Perdido Basin.

None of those initiatives have prospered. The $2.4 billion investment fund was never activated, the Dos Bocas refinery had numerous cost, schedule, and performance problems, and CNOOC exploration in the Perdido basin did not yield the hopeful results, leading CNOOC to withdraw early from those oilfields.

MINING

In the mining sector, PRC-based companies have long had small-scale projects, including the Los Vasitos mine in Sinaloa, a well as projects owned by China Unified Mining Development in Guerrero, Michoacan, and Colima.

In 2021, China's Ganfeng paid $391 million to acquire Bacanora Lithium, with a mineral field in Mexico's Sonora desert, where it planned a billion-dollar investment. The AMLO government's 2022 initiative to nationalize the sector, however, led Ganfeng to suspend its investment plans, leading the AMLO government to revoke Ganfeng's license, with the dispute going to international arbitration in June 2024.

CONSTRUCTION

In recent years, Chinese companies, led by China Railway Road Corporation (CRRC) have won multiple projects in Mexico's transportation infrastructure sector, almost entirely involving contracts for railway construction and vehicles. These included awards to CRRC to build improve Line 1 of the Mexico City metro and supply 17 rail cars for it, as well as work on Lines 1, 2, and 3 of the Monterrey metro and 18 train cars for it. CRRC was further contracted to build Line 4 of the Guadalajara metro, as well as to build the Xochimilco–Taxqueña light rail line, plus 17 railcars for that line.

More recently, CRRC was also awarded a contract to build a metro line serving Mexico's new Felix Angeles International Airport (AIFA), although the project experienced multiple delays and problems, leading the Mexican government to impose fines.

Despite the problems with the AIFA contract, in September 2025, the Sheinbaum administration awarded CRRC yet another contract, this one for 15 electric train cars for the new Mexico City-Pachuca train route.

Beyond CRRC, the Portugal-based company Mota-Engil, which is 32.1% owned by China Communications Construction Corporation (CCCC) has also won numerous projects in the country. These include work in 2024 on Monterrey metro lines 4, 5, and 6, and the DRT Campeche light rail project. More significantly, the AMLO government awarded Mota Engil contracts for sections 1 and 5 of its flagship Maya Tourist train.In 2025, Mota Engil was also awarded an 860 million Euro contract for the Queretaro to Irapuato railroad line.

Beyond railway infrastructure, in 2024, Mota Engil won a $1.2 billion project to build the Escolin Fertilizer Plant in Veracruz.

PORTS

The PRC has had an important role in Mexico's port sector for more than a quarter century, primarily through the Hong Kong-based firm Hutchinson. The company currently operates facilities along Mexico's Pacific coast at Ensenada, Manzanillo, and Lazaro Cardenas, and on Mexico's Gulf coast, at Veracruz.

In 2024, Hutchinson made important investments in its Mexican operations. These included a 2.3 billion peso expansion of its operations in Ensenada, plus a more modest 25 million peso expansion at Manzanillo.

Hutchinson's tendency to use Chinese digital equipment for its port operations, including scanners on port cranes, and other automation, arguably create digital risks arising from the significant amount of metadata on the chips contained on each container passing through those ports, that could potentially be accessed by the PRC government.

Beyond the ports themselves, the Chinese shipping giant COSCO leverages Hutchinson's operations in Mexico as it competes with western logistics companies, in order to capture the value added of trans-pacific shipping routes. In 2024, for example, COSCO announced a new direct service from Dalian China to Hutchinson ports in Ensenada, Manzanillo, and Lázaro Cárdenas, as well as a new express service between China and Ensenada.

ELECTRICITY

PRC-based firms have made major advances in electricity transmission and distribution in Mexico in recent years, particularly in renewable generation sources.Those firms have advanced from supplying components for, and participating in, individual wind, solar and other projects led by Western integrators, to owning and operating their own generation and transmission infrastructure and leveraging that presence to compete for new projects in the country. The biggest PRC advance in this respect was arguably China Power's acquisition of Zuma energy in November 2020.With additional Chinese acquisitions in the years that followed, through Zuma alone, China controlled over 1.3 Gigawatts of installed electrical generation in Mexico.

Beyond Power China, PRC-based Triana Solar and Longi currently operate 12 wind projects in the country. In addition, in 2024, the Gezhouba Group won work to build the Casa de Sol and El Ciero solar facilities.

TELECOMMUNICATIONS

As in the port sector, PRC-based companies have been present in Mexico's telecommunications industry since 2001.

All of Mexico's digital service providers currently use Chinese equipment, including Telcel (America Movil), ATT Mexico, and Movistar of Spain.

China’s Huawei is a dominant provider of smartphones and other equipment to all three but also operates cloud computing and other digital sectors, as discussed later.

ZTE, which has operated in Mexico since 2003, is an important provider of both telephones and infrastructure in the Mexican market, as well as data center components. It currently counts more than 200 employees in the country.

Oppo, which entered Mexico later, in 2020, has been notably successful, capturing 15% of the country’s smartphone market.

Honor, a discount brand which split off from Huawei, has similarly expanded in the Mexican market for both smartphones and consumer electronics.

Xiaomi not only operates under its own name in the Mexican market, but also through its discount brands Redmi and Poco.

SURVEILLANCE SYSTEMS

As in other parts of the region, PRC-based companies such as Hikvision and Dahua have captured an important share of the market for home and commercial surveillance systems, raising concerns regarding the ultimate disposition of the video, audio, biometric and other data collected by such systems and transmitted across the internet.

The leading PRC-based surveillance systems company in Mexico is Hikvision, which significantly expanded its position in the country in 2021 through its acquisition of a controlling interest in the Mexico-based surveillance systems company Syscom. Hikvision currently has distributors for its products throughout Mexico, including offices in Mexico City, Guadalajara, Monterrey, and Tijuana.

TRANSPORTATION AND DELIVERY SERVICES

In 2021, When the Chinese government obligated the PRC-based ride sharing company Didi Chuxing to turn its data over to Westone Information Industry Co., a government-affiliated data services firm, it highlighted the risk of PRC government access to the location, travel, and other data of Didi’s users worldwide.

Mexico is the market in Spanish-speaking Latin America in which Didi has been most successful. Didi entered the contry in 2018, and currently operates in 50 Mexican cities, with 30 million active users. Indeed, it not only offers taxi and delivery services there, but also financial products through its app.

BANKING

Chinese banks have a long-established presence in Mexico, including the Industrial and Commercial Bank of China (ICBC), which begun branch banking operations in the country in 2016, and Bank of China, which begun operating there in 2018.

ELECTRIC VEHICLES

As in other parts of the region, PRC electric vehicles (EVs), led by Build Your Dreams (BYD), have rapidly dominated the Mexican market. As of 2025, Chinese EV brands, including BYD, Chirey, JAC, MG, GWM/Haval, BAIC, and Changan had captured 85% of Mexico's market, up from 60% just one year earlier. Notably, that advance has occurred BYD's suspension of plans to build a major plant for its hybrid vehicles in Mexico and continues despite the Sheinbaum government's imposition of up to 50% tariffs on Chinese vehicles.

RETAIL

As in other countries in Latin America, the significant and growing penetration of Chinese products in the retail sector have been accompanied by the expansion of retail outlets specializing in such products, some involving Chinese capital. Early attempts to establish largescale retail and wholesale outlets for Chinese products such as Dragon Mart in Quintana Roo in 2013, met significant resistance from local producers and retailers who perceived themselves commercially threatened.

Today, however, stores specializing in Chinese products are ubiquitous in Mexico.The largest and best known such chain in Mexico, Miniso, entered the market in 2016, and grew 15% in 2024 alone. Other such chains in Mexico include Casa Serena, Panda Home, Plaza China, Hogar China, and Joinet.

As in other parts of the region, malls specializing in Chinese products have been subject to accusations and even investigation over contraband merchandise, tax fraud, and failure to meet labor and other regulations. The most emblematic case in Mexico was the government's action against the China Mall "Mexico Mart" at Plaza Izizaga 89, in Dec 2024.

CLOUD SERVICES, ARTIFICIAL INTELLIGENCE AND ROBOTICS

As a large, diversified and technologically advanced economy already hosting numerous PRC-based companies, Mexico has not surprisingly been a leading country for Chinese work on cloud services, artificial intelligence (AI) and robotics in the region.

Huawei, operating in Mexico for more than a quarter century, is the leading Chinese player in data centers and AI in the country. Since 2019, it has invested more than $74 million in data centers in Mexico, including building the country's first hyperscale cloud infrastructure. Huawei claims to be the "fastest growing cloud in Mexico" with its business growing five-fold since 2022.

Not to be left behind, in May 2024, Chinese technology giant Alibaba announced plans to launch cloud services in Mexico as well, its first such offering in Latin America.

Huawei has announced plans to deploy Chinese open AI models such as DeepSeek in its infrastructure in Mexico, and has been working with the Mexican government to promote its particular approach through the Mexico AI Pioneer partnership program. As a compliment, it is also working with Mexico's Infrastructure, Communication and Transport Secretariat (SICT), through the Huawei "Seeds of the Future Program" to train Mexican youth in AI.

The combination of China's expanding role as cloud infrastructure provider, its work with the Mexican government, and the competitiveness of Chinese AI models which its companies use, create the risk of a synergy in which the PRC dominates AI and associated infrastructure in Mexico and locks in that dominance through the setting of standards. As with cloud services and AI, Mexico is the principal country in Spanish-speaking Latin America for Chinese applications in robotics. To date, this has primarily focused on industrial applications, although Mexico could become the country in which PRC-based companies pioneer its deployment of humanoid robots in Latin America. In one cross-over, Chery is reportedly considering employing its AiMoga AI-enabled humanoid robots in a future automobile plant in Mexico, based on its successful experience deploying such robots in its plant in Wuhu, China.

SPACE

China has long courted Mexico for collaboration in its space activities, as part of its broader pursuit of space engagement with partners across Latin America. In July 2016, the PRC gave the Mexican Space Agency (MSA) observer status in the China-led Asia-Pacific Space Cooperation Organization (APSCO), in which Peru is also a member. In 2024, Mexico participated in the China-CELAC Space Cooperation Forum in Wuhan, China.In 2025, the PRC launched the first satellite for the MSA.

In the people-to-people domain of China-Mexican space engagement, the PRC has sponsored Mexicans for academic scholarships on space-related topics in China, including space-related academic cooperation with the Autonomous National University of Mexico (UNAM).

INTELLECTUAL INFRASTRUCTURE

Mexico currently leads the region in the number of Confucius Institutes (CI) for instruction on Chinese language and culture by PRC government personnel on the partner's territory. The country currently hosts seven such institutes, including at UNAM (where the number of Mexican students has expanded from 85 when it was established in 2008, to more than 700 by 2024), the Autonomous University of Chihuahua, the University of Guadalajara, the Autonomous University of Nuevo León, the University of Veracruz, and the University of Yucatán.

CHINESE CORPORATE PRESENCE

BY SECTOR IN MEXICO (2024–2026)

PORTS
4 TERMINALS
HUTCHISON (HK)
PACIFIC & GULF COASTS

TELECOM
100% OF CARRIERS
HUAWEI, ZTE

ELECTRIC VEHICLES
85% OF MARKET
BYD, CHERY, MG...

CLOUD / AI INFRASTRUCTURE
HUAWEI CLOUD, ALIBABA

SURVEILLANCE
CAMERAS & DATA
HIKVISION, DAHUA

BANKING
2 BANKS
ICBC, BANK OF CHINA

RAIL
3 METRO SYSTEMS
CRRC
CDMX, MTY, GDL

CONFUCIUS INST.
7 INSTITUTES
MOST IN THE REGION

Expediente Abierto — based on R. Evan Ellis, "The Sheinbaum Administration's Cautious Engagement with China in Mexico"

MILITARY

As the PRC has expanded its commercial and political engagement with Mexico during the past two decades, Mexican governments on both the right and left have limited the military dimension of that cooperation. The strengthening of U.S.-Mexico security cooperation on transnational organized crime, migration and other issues during that period, and U.S. sensitivities regarding military cooperation between its greatest geopolitical rival, and the country with which it shares a 3,145-kilometer land border, likely contributed to Mexican government choices to limit such cooperation with the PRC.

Such limitations notwithstanding, Mexico-PRC security cooperation nonetheless merits attention. One of the most important current artifacts and enablers of that cooperation is a Memorandum of Understanding signed with the PRC in October 2016 by then Mexican Defense Minister Salvador Cienfuegos, prior to his 2020 arrest in the U.S. for involvement with transnational organized crime activities.

Mexico has regularly sent personnel to the PRC to participate in military education and training courses at the People's Liberation Army (PLA) National Defense University in Changping, among other sites, and has regularly received visiting PLA delegations in Mexican military institutions. Such military groups from China regularly participate, along with other militaries, such as Russia's, in the country's Independence Day Parade each September 16.

Although PLA Navy (PLAN) ships seldom make port calls in Mexico, the PLAN hospital ship Silk Road Ark published plans to visit in late 2025. Possibly owing to U.S. concerns, however, the visit did not take place.

By contrast to more anti-US populist governments in the region, such as those of Venezuela, and previously those in Bolivia and Ecuador, neither Mexico's Army nor its Navy have purchased major weapon systems from PRC companies, although such companies have been present at public military events such as Mexico's airshow, FAMEX. Mexico's most significant military purchase from the PRC occurred in November 2023, when its Army (SEDENA) awarded a $2.34 billion contract for the purchase of 1,309 Chinee First Auto Works (FAW) 6.5 ton military trucks, to be assembled in Mexico by a local partner, the Esambladora Latinoamericana de Motores (ELAM).

CONCLUSION

Mexico's relationship with the PRC is significant, longstanding, and multifaceted.Claudia Sheinbaum's government is arguably navigating skillfully between opportunities for investment from PRC-based firms, interest from politically well-connected Mexican businesspeople in Chinese partnerships, Mexican constituents harmed by Chinese competition, concerns by the U.S. about the strategic commercial, digital, and other dimensions of that relationship.

As with other aspects of the U.S.-Mexican partnership, the degree to which decisions by each affect the other, with the framework of the sovereignty of both countries. That makes it imperative that Mexico's engagement with China continues to be part of an informed, respectful dialogue with its neighbor to the north.

R. Evan Ellis

The author is Senior Non-Resident Fellow with the Center for Strategic and International Studies. The views expressed herein are strictly his own.