Tariffs and the USMCA: the decision to set up in Mexico now turns on the rules of origin



Bertin Gutiérrez
Managing Partner

For a foreign company considering setting up in Mexico, the question is no longer just where to locate the plant, but what duty each part will pay at each border. Three things changed at once in 2026: the USMCA lost its guaranteed long-term horizon, the United States rebuilt its tariffs after losing in its Supreme Court, and Mexico raised its own tariffs on imports from countries without a trade agreement. As a result, the profitability of an operation in Mexico now depends largely on the rules of origin.

The USMCA continues, but on probation every year

At the first joint review on July 1, 2026, the agreement was not extended for another sixteen years. Under Article 34.7, that does not terminate it: it remains in force until July 1, 2036, but is subject to annual reviews until the three countries agree to extend it. Meanwhile, Mexico and the United States are negotiating by topic (automotive and industrial rules of origin, steel and aluminum, and economic security), with no agreement reached as of late October 2026, and the central issue is tighter rules of origin and regional content. A fifteen- or twenty-year investment must be planned with that uncertainty in mind.

What a Mexican product pays today to enter the United States

On February 20, 2026, the US Supreme Court held that the International Emergency Economic Powers Act (IEEPA) does not authorize the President to impose tariffs. The government replaced them first with a temporary 10% surcharge (Section 122) and, since July 24, 2026, with a 10% tariff on Mexican goods following a forced labor investigation (Section 301). That 10% does not apply to goods that qualify as USMCA-originating and are imported claiming the preference. Section 232 sectoral tariffs, however, apply even if the product meets the agreement: since April 2026, 50% on primary steel, aluminum and copper and 25% on their derivatives, on full value, and 25% on vehicles, in that case only on non-US content when the vehicle qualifies. Goods subject to Section 232 do not also pay the 10% Section 301 tariff.

Mexico has raised its tariffs too

By decree published in the Official Gazette on December 29, 2025, Mexico raised, as of January 1, 2026, the tariff on 1,463 tariff lines to rates between 5% and 50% for goods from countries with which it has no free trade agreement, including China, South Korea and India. The sectors most affected are textiles, apparel, steel, plastics, auto parts, appliances and paper. A second decree, of April 23, 2026, extended until April 2028 the tariffs on another 185 tariff

lines, at rates of 5% to 35%, and granted duty-free treatment under the Sectoral Promotion Program (PROSEC) to certain steel inputs for the electrical, electronics and automotive industries.

The IMMEX program does not shield against these tariffs

It is often assumed that a maquiladora imports duty-free. That is not the case when it exports to the United States or Canada. Article 2.5 of the USMCA, applied in Mexico through Article 63-A of the Customs Law, limits the benefit: for non-originating inputs incorporated into a product exported to those countries, the Mexican duty is payable, less any duty paid in the destination country on the finished product. If the product enters the United States duty-free because it meets the USMCA, the maquiladora pays the full Mexican duty on its Asian inputs in Mexico, which can now reach 50%. PROSEC and the "Rule 8" program can reduce that cost in certain sectors, but they require registration and compliance.

What must be decided before setting up

- Review the bill of materials and the origin of each input before choosing suppliers, because qualifying as USMCA-originating depends on it.
- Calculate the full tariff cost at both borders, on import into Mexico and on entry into the United States, for each product and scenario.
- Define from the outset the combination of IMMEX, PROSEC and Rule 8 that fits the operation.
- Set up traceability and origin documentation from the first shipment, because that is the first thing reviewed in an audit.
- Provide in contracts with customers and suppliers who bears a change in tariffs or rules of origin.

Mexico remains the best platform for selling into North America, but the advantage is no longer automatic: it has to be designed from day one.

This note is for information only and does not constitute legal advice.

Let's talk

We can assess the impact on your company and the options available.

Mónica Maldonado
BUSINESS DEVELOPMENT DIRECTOR
monica.maldonado@artegia.mx
+52 722 512 6760

Bertin Gutiérrez
MANAGING PARTNER
bertin.gutierrez@artegia.mx
+52 442 127 9046

www.artegia.mx · Querétaro, México