

## Managing the Risks Analysis in Mexico

A policy and Investment Risk Analysis by US Mexico Investment Council, was conducted to assess escalating threats to U.S. economic interests and citizen safety in Mexico. This chapter focuses on the state of Quintana Roo due to its outsized relevance for Texas-based individuals, families, and investors, who not only represent the largest group of foreign leisure travelers to the state each year, but also hold, directly or through institutions, major real estate assets, hospitality developments, and infrastructure concessions.

In 2024 alone, Quintana Roo received over \$900 million in foreign direct investment, a significant portion of which originated from Texas. Cancun remains the top international destination from Dallas–Fort Worth Airport and Cozumel one of the top cruise destinations, reinforcing the region’s deep economic and cultural ties to Texas. However, growing patterns of discretionary enforcement, legal uncertainty, and rising threats to personal security suggest that both travel and investment in the state now demand greater caution. Quintana Roo may no longer be considered a low-risk destination. We believe the escalating situation warrants immediate attention from elected officials, public safety agencies, policymakers, and U.S. diplomatic authorities to protect Texan interests.

### Executive Summary

Mexico is the United States’ largest trading partner, and within Mexico, Quintana Roo stands out as the top overseas tourist destination for Texans.

Quintana Roo is not only Mexico’s premier tourism hub, but also the top international destination for Texans. In 2024, Cancún alone received over 4.8 million U.S. air arrivals, making it the busiest Mexican destination for American travelers and the top international route from Dallas–Fort Worth Airport (DFW), even ahead of London and Toronto. Cruise arrivals to Cozumel exceeded 4.6 million passengers, most of them Americans, with projections surpassing 5 million in 2025. U.S. citizens account for more than 60% of international arrivals, and average spending per U.S. visitor ranges from USD \$1,000 to \$1,500 per trip. The tourism industry in Quintana Roo generated over \$20 billion USD in 2024 alone.

Quintana Roo emerges as a key case study for understanding how tourism, foreign investment, and regulatory certainty interact in Mexico’s southeastern corridor. In 2024, the state attracted USD \$921.3 million in foreign direct investment (FDI). The United States ranked as the second-largest source of FDI, contributing about USD \$253 million. From a trade standpoint, Quintana Roo registered USD \$121 million in exports and USD \$637 million in imports in 2024. These numbers are significant for a service-driven economy anchored in tourism and logistics. Agricultural and commercial cooperation with Texas has also intensified. The state has signed agreements with the Texas Department of Agriculture to

promote local products such as pineapple, pitahaya, lemon, and watermelon in Texas markets.

One of the largest U.S. investors in Quintana Roo are retirement and pension investment funds, including the Teacher Retirement System of Texas (TRS), CalSTRS (California State Teachers' Retirement System), and similar public systems from other states. Investments are Quintana Roo's hotel and real estate sectors. These investments are held directly and through allocations to global private equity, real estate funds, and infrastructure funds that develop and own resort properties in the region.

Quintana Roo, long considered the crown jewel of Mexico's tourism sector and one of Latin America's top engines for hospitality-driven growth, has become as much a story of weakening rule of law as of investment potential. Increasingly, personal travel and business investment outcomes depend more on navigating political uncertainty: unlawful asset seizures, politicized courts, and arbitrary state action have made the travel and business climate more uncertain and the rule of law more fragile.

**Key findings include:**

- Discretionary contract cancellations and biased regulatory actions are replacing due process.
- Judicial politicization has converted the courts into extensions of executive power.
- Public-security deterioration and institutional extortion mechanisms now impose hidden costs on business operations.
- International exposure under USMCA is growing as investors pursue arbitration for violations of legal certainty.

Once a beacon for foreign investment, Quintana Roo now represents an emerging hotspot of institutional risk. Contract instability, judicial capture, and unchecked executive power threaten the rule of law in one of Mexico's most high-profile states—posing new challenges for U.S. travelers and capital, especially Texan visitors and investors, who represent a significant share of the region's tourism and real estate markets.

## Introduction

As part of the Texas–Mexico Trade and Investment Association’s mandate to identify opportunities, trends, and risks in cross-border economic relations, the state of Quintana Roo warrants a dedicated analysis.

In 2024, total trade between Texas and Mexico reached USD \$281.2 billion (with \$123.5 billion in exports from Texas and \$157.6 billion in imports), consolidating Mexico’s position as Texas’s largest trading partner<sup>1</sup>. Texas’ trade with Mexico is larger than the United States’ trade with Japan and Spain combined. **Furthermore, this bilateral trade supports over 466,000 jobs in Texas alone, and more than 5 million jobs across the U.S. are sustained by trade with Mexico.**

Within this framework, Quintana Roo emerges as a key case study for understanding how tourism, foreign investment, and regulatory certainty interact in Mexico’s southeastern corridor. **In 2024, the state attracted USD \$921.3 million in foreign direct investment (FDI)<sup>2</sup>. The United States ranked as the second-largest source of FDI, contributing about USD \$253 million.**

From a trade standpoint, Quintana Roo registered **USD \$121 million in exports** and **USD \$637 million in imports** in 2024<sup>3</sup>. These numbers are significant for a service-driven economy anchored in tourism and logistics. Agricultural and commercial cooperation with Texas has also intensified. The state has **signed agreements with the Texas Department of Agriculture** to promote local products such as pineapple, pitahaya, lemon, and watermelon in Texas markets.<sup>4</sup>

The major U.S. teachers’ retirement and pension investment funds, including the Teacher Retirement System of Texas (TRS), CalSTRS (California State Teachers’ Retirement System), and similar public systems from other states, frequently hold indirect stakes in Quintana Roo’s hotel and real estate sectors. These investments happen mainly through their allocations to global private equity, real estate funds, and infrastructure funds that develop or own resort properties in the region.

Given these conditions, Quintana Roo represents an essential node for analyzing **the security of investments, the stability of contracts, and the enforcement of the rule of law** in a context of high foreign exposure and public–private interaction. The state’s heavy

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<sup>1</sup> [https://embamex.sre.gob.mx/eua/images/2025/ECONOMIA/NATIONAL-TRADE/Texas.pdf?utm\\_source=chatgpt.com](https://embamex.sre.gob.mx/eua/images/2025/ECONOMIA/NATIONAL-TRADE/Texas.pdf?utm_source=chatgpt.com)

<sup>2</sup> <https://noticaribe.com.mx/2025/03/15/921-mdd-el-ano-pasado-mantiene-quintana-roo-mantiene-altos-niveles-de-inversion-extranjera-en-2024/>

<sup>3</sup> [https://www.economia.gob.mx/datamexico/en/profile/geo/quintana-roo-qr?redirect=true&utm\\_source=chatgpt.com&timeNetTradeSelector=Year](https://www.economia.gob.mx/datamexico/en/profile/geo/quintana-roo-qr?redirect=true&utm_source=chatgpt.com&timeNetTradeSelector=Year)

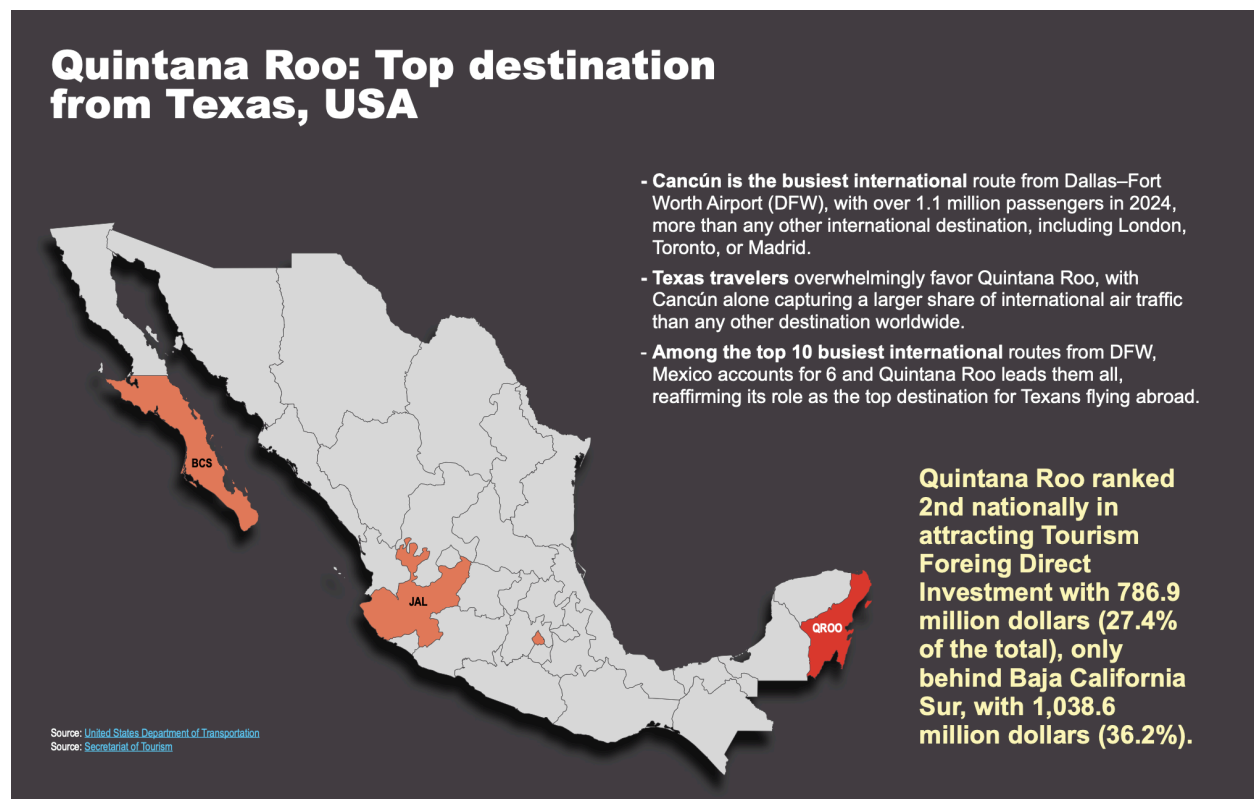
<sup>4</sup> [https://riviera-maya-news.com/quintana-roo-and-texas-department-of-agriculture-agree-to-market-local-produce/2023.html?utm\\_source=chatgpt.com](https://riviera-maya-news.com/quintana-roo-and-texas-department-of-agriculture-agree-to-market-local-produce/2023.html?utm_source=chatgpt.com)

reliance on tourism revenues makes it vulnerable to shifts in regulatory environments, infrastructure bottlenecks, and governance risks that directly affect cross-border confidence and long-term investment planning.

For these reasons, a focused assessment of Quintana Roo's **investment climate and institutional safeguards** will provide valuable insight into how regional dynamics, state policies, and bilateral cooperation influence the confidence of Texan and other U.S. investors operating in Mexico's southeastern region.

## A tourist Powerhouse Facing Institutional Fragility

For decades, Quintana Roo has stood as Mexico's emblem of prosperity and openness. Tourism, real state, and infrastructure fueled unprecedented growth, contributing billions in foreign exchange and generating one of the country's most dynamic labor markets.



In 2024, Mexico received a total of USD \$2.87 billion in Foreign Direct Investment in Tourism (FDI-T), with Quintana Roo emerging as the second-largest recipient nationwide, only behind Baja California Sur. The main destinations attracting the most FDI-T were Baja California Sur with USD \$1.04 billion (36.2% of the total), Quintana Roo with USD \$786.9 million (27.4%), and Nayarit with USD \$330.1 million (11.5%)<sup>5</sup>. Additionally, air arrivals from

<sup>5</sup> <https://forbes.com.mx/inversion-extranjera-directa-turistica-en-mexico-suma-2870-millones-de-dolares-en-2024/#:~:text=la%20inversi%C3%B3n%20en%20el%20sector,5%20millones%20de%20d%C3%B3lares>

the United States to Cancún, the primary gateway to Quintana Roo, totaled approximately 4.8 million in 2024, the highest volume among all Mexican destinations<sup>6</sup>.

Connectivity reinforces this dynamic. Cancún stands as the busiest international route from Dallas–Fort Worth Airport (DFW), with over 1.1 million passengers in 2024, surpassing major destinations such as London, Toronto, and Madrid. Texas travelers overwhelmingly favor Quintana Roo, with Cancún alone capturing a larger share of international air traffic than any other destination worldwide. Among the ten busiest international routes from DFW, six connect to Mexico, and Quintana Roo leads them all, reaffirming its position as the top international destination for Texans.<sup>7</sup>

Furthermore, American cruise tourism continues to be a major source of visitors for Cozumel, with the port breaking records in both ship arrivals and total passenger numbers in 2024 and early 2025. Cozumel led all Caribbean cruise ports, with over 4.6 million cruise passengers in 2024 and projections to surpass 5 million in 2025, the majority being Americans traveling via popular lines like Royal Caribbean, Carnival, and Disney.

In 2024, Cozumel received more than 4.6 million cruise passengers arriving on 1,281 ships—an 11% increase in ship arrivals and a 13% rise in passenger numbers over 2023. For just the first quarter of 2025, Cozumel welcomed over 1.5 million cruise tourists, marking a new quarterly record and confirming its status as the top cruise port in the Americas.

In January-August 2024, Cozumel had 3,156,075 cruise visitors, compared to 2,755,983 in the same period of 2023 (a 14.5% year-on-year increase). Nearly all major cruise lines that serve the U.S. market schedule regular stops in Cozumel, and most passengers are U.S. citizens. Cozumel expects to surpass 5 million cruise visitors for the year 2025, maintaining and strengthening its position as the most popular cruise port in the region. These trends reflect sustained American interest and recovery in cruise tourism, with Cozumel serving as a primary destination for U.S.-based cruise passengers.

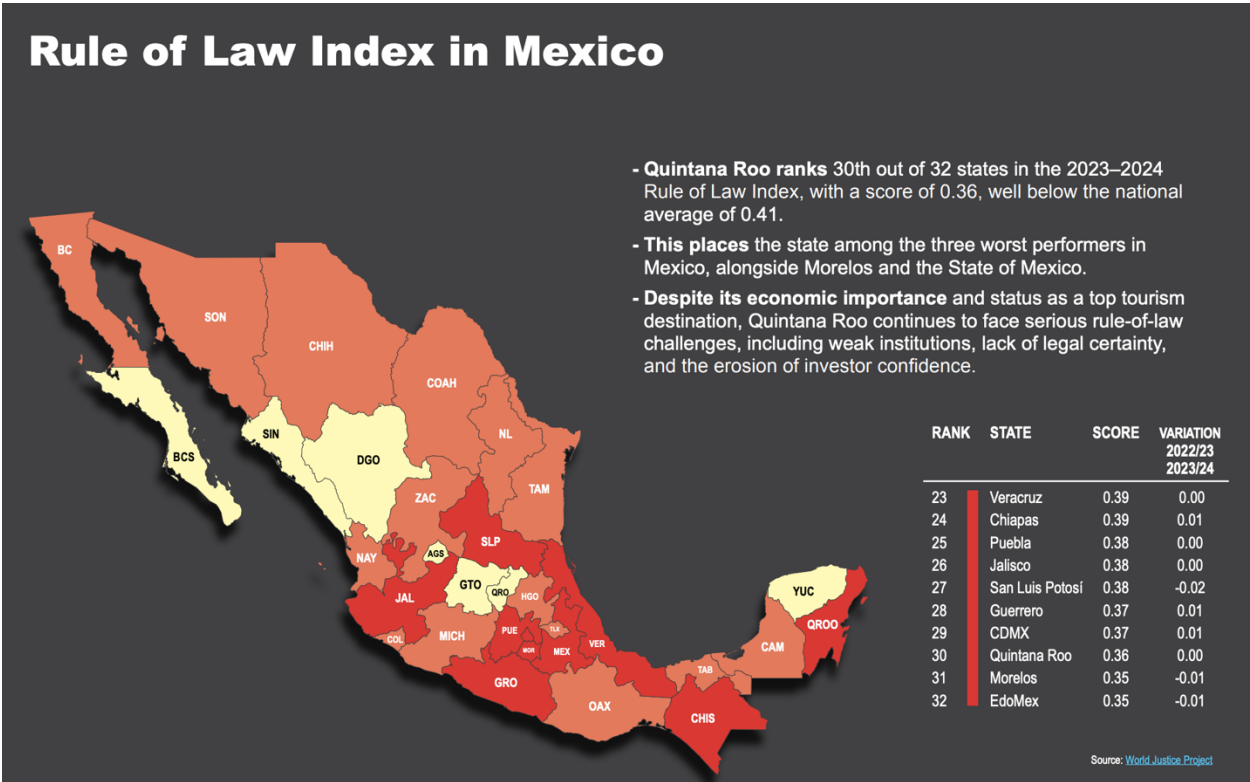
However, this success has coincided with the emergence of state practices that jeopardize legal certainty. What began as isolated disputes over environmental enforcement or tax collection has evolved into a systemic pattern of discretionary state intervention.

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<sup>6</sup> [https://www.hotel-online.com/press\\_releases/release/ntto-publishes-characteristics-of-u-s-outbound-travelers-to-overseas-destinations-for-calendar-year-2024/#:~:text=,0M%29%2C%20Puerto%20Vallarta%20%28870K](https://www.hotel-online.com/press_releases/release/ntto-publishes-characteristics-of-u-s-outbound-travelers-to-overseas-destinations-for-calendar-year-2024/#:~:text=,0M%29%2C%20Puerto%20Vallarta%20%28870K)

<sup>7</sup> [https://data.transportation.gov/Aviation/International\\_Report\\_Passengers/xgub-n9bw/about\\_data](https://data.transportation.gov/Aviation/International_Report_Passengers/xgub-n9bw/about_data)

Escalating Risks in Security and Rule of Law



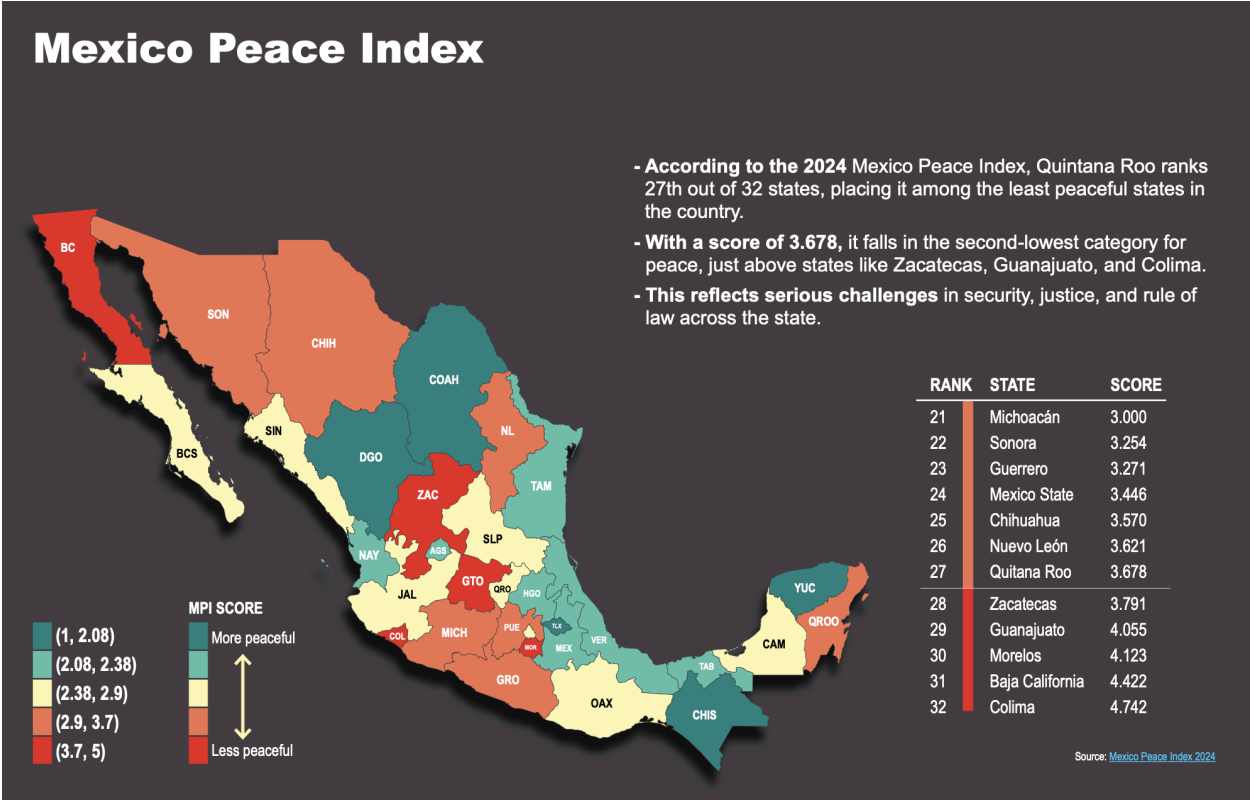
Quintana Roo ranks 30th out of 32 Mexican states in the 2023–2024 Rule of Law Index, with an overall score of 0.36, highlighting severe institutional weaknesses. The state performs especially poorly in key categories such as limits on government power (0.35), absence of corruption (0.30), order and security (0.33), and regulatory enforcement (0.32), consistently placing among the bottom three nationwide. The judiciary and legislative branches are widely seen as ineffective checks on executive authority, while corruption permeates the executive, judicial, and law enforcement institutions.

The civil justice system in Quintana Roo ranks dead last in the country (32/32), with a score of 0.31, due to limited access to legal aid, biased rulings, and excessive bureaucratic obstacles. Similarly, the criminal justice system is severely compromised, scoring just 0.30 and ranking 27th, with ineffective investigations (0.16), weak victim protections, and limited independence from political interference. Despite relatively better performance in open government (0.54), the overall picture reflects a state where institutional fragility, impunity, and lack of accountability impose growing risks on residents, investors, and visitors alike.<sup>8</sup>

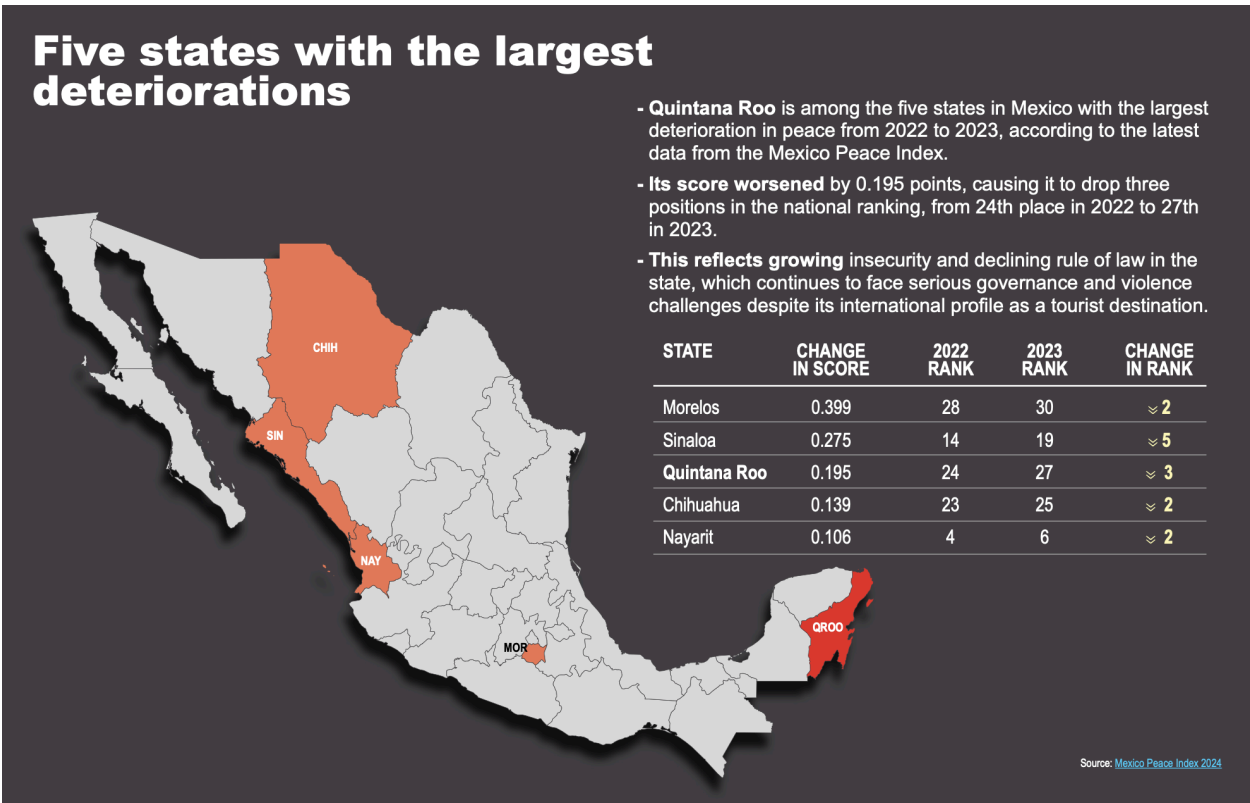
Economic and legal risks in Quintana Roo are compounded by a measurable decline in public safety and governance. According to the Mexico Peace Index 2024, Quintana Roo was

<sup>8</sup> [https://worldjusticeproject.mx/wp-content/uploads/2024/06/IEDMX2024\\_WEB.pdf](https://worldjusticeproject.mx/wp-content/uploads/2024/06/IEDMX2024_WEB.pdf)

one of the five states with the greatest decline in peace during 2024<sup>9</sup>. The deterioration in organized crime was driven by a more than doubling of the rate in kidnapping and human trafficking, a 29.9 percent increase in the extortion rate and a 14.7 percent increase in the retail drug crimes rate, significantly worsening its ranking.



<sup>9</sup> <https://www.visionofhumanity.org/wp-content/uploads/2024/05/MPI-ENG-2024-web-130524.pdf>



Tourist zones in Quintana Roo are experiencing a sharp surge in organized crime, with alarming increases across multiple indicators. **Tulum had the highest homicide rate of any municipality in the country with more than 10,000 residents. With 89 cases, its homicide rate was equivalent to 214 homicides per 100,000 people. Meanwhile, Cancún registered a 233% increase in kidnappings and Tulum experienced a 900% spike in extortion.**

Furthermore, according to official Security Crime incidence: Reported crimes rose from 12,826 (Dec 2024) to 13,038 (Mar 2025), a 2% increase, placing the state fifth nationwide with 215 crimes per 100,000 inhabitants (vs. a national average of 132). Additionally, insecurity perception reached 79.5% in Cancún and 63.4% in Chetumal, according to INEGI’s Urban Security Survey. For investors, these figures translate into higher insurance costs, reputational risk, and the possibility of operational disruption, a hidden cost of doing business in the state.



## Implications for individual travelers and US-tourists

American tourists account for approximately 60% to 65% of all international arrivals to Quintana Roo, making them the backbone of the state's tourism economy. Long-stay air travelers, primarily U.S. citizens visiting Cancún and the Riviera Maya, spend on average between \$1,000 and \$1,500 USD per trip, depending on length of stay and travel preferences. In 2024, total tourism revenue in Quintana Roo surpassed \$20 billion USD, with Americans by far the largest contributors. This heavy dependence on U.S. visitors underscores the broader vulnerability of the region: any erosion of safety, legal certainty, or service quality directly threatens one of Mexico's most valuable economic engines. For American travelers, the risks are not only financial or reputational—they also involve increasing exposure to insecurity, inconsistent law enforcement, and limited avenues for redress in case of abuse, fraud, or violence.

The growing climate of legal uncertainty and selective enforcement in Quintana Roo has not only affected businesses and investors, but it has also begun to endanger ordinary American citizens. One of the most striking recent cases involves Paul and Christy Akeo, a U.S. couple who were jailed for nearly three weeks in Cancún over a billing dispute with a hotel, despite the issue having been resolved prior to their arrest. They were never formally charged or tried, and during their detention, they reported inhumane conditions, including lack of access to basic hygiene and denial of medical care. Their case gained media attention in both countries, serving as a warning to tourists that even minor misunderstandings can escalate into prolonged legal nightmares.

Violence is one of the main factors eroding public and visitors' safety. On April 10, a shooting at a Starbucks in Tulum exposed the vulnerability of public spaces: two individuals attempted to rob Monterrey businessman David González Cuéllar, who repelled the attack. The incident, allegedly linked to organized crime, adds to a wave of armed confrontations that have left a climate of fear in the region.

In Cancún, a dispute between drug cartels led to the death of four people, while in Tulum, the head of the Secretariat of Security and Citizen Protection, José Roberto Rodríguez Bautista, was killed in April while repelling an attack. Just days later, the offices of the Attorney General were riddled with over twenty bullets, with no arrests reported to date. Adding to this wave of violence was the murder of Mario Machuca Sánchez, the state leader of the Confederation of Revolutionary Workers and Peasants (CROC) in Cancún, and a prominent figure both in the labor movement and local politics, having served as deputy at both federal and local levels. He was killed on August 4 while exiting a dealership parking lot, in an attack by assailants disguised as food delivery workers. His killing underscores the extent to which violence now reaches key social and political actors in Quintana Roo, highlighting an environment of extreme risk for the rule of law.

Beyond high-profile incidents, reports have multiplied of arbitrary detentions, police harassment, and extortion attempts targeting American travelers—often under the guise of minor infractions or paperwork errors. Victims frequently describe a lack of transparency, limited access to legal representation, and an absence of mechanisms to challenge abuse. These incidents not only tarnish Mexico’s reputation as a welcoming destination but also raise questions about the safety and rights of U.S. citizens abroad. As the number of Americans visiting and residing in Quintana Roo continues to grow, so too does the urgency for stronger diplomatic and legal safeguards to protect them.

Moreover, there have been numerous documented incidents involving taxi drivers and tourists in Quintana Roo, particularly in Cancun, Playa del Carmen, and Cozumel, throughout 2024 and 2025. These incidents range from violence and harassment related to Uber and other rideshare services to extortion, overcharging, and even physical assault.

## Anatomy of Unlawful Appropriation

The current risk environment stems from a new form of state behavior, a politicized model of “public recovery” that reframes concession and property rights as reversible, regardless of contract law.

### Common Mechanisms

- **“Recovery” Narratives:** Authorities claim service failure to justify intervention, often without evidence or despite verifiable improvements.
- **Regulatory Harassment:** Targeted audits, ad-hoc reforms, and accusations of corruption serve as political tools rather than legitimate oversight.
- **Appropriation through resale:** Once an investor is discredited, concessions are revoked and re-granted to politically aligned operators.
- **Investor Deterrence:** These actions signal institutional instability, discouraging capital inflows and eroding trust in Mexican law.

The cumulative effect is a dual-track economy, one governed by formal rules, and another dictated by informal power.

## Case Evidence: Quintana Roo as a High-Risk Laboratory

### Vulcan Materials

A U.S. firm holding valid environmental and extraction permits was abruptly ordered to cease operations. The justification, “environmental protection”, morphed into a proposal to expropriate the site and convert it into a national park. This case triggered USMCA complaints and congressional concern in Washington, underscoring that contractual protection is only as strong as local political tolerance.

### Timeline:

- 2022: Authorities halt limestone quarrying citing environmental damage. Vulcan denies the harm.<sup>10</sup>
- Mar 2023: Security forces occupied Vulcan's Punta Venado port terminal amid a parallel dispute with CEMEX over terminal access; Vulcan called it an illegal seizure. CEMEX claimed difficulties accessing its own assets there.<sup>11</sup>
- 2024: The President ruled out formal expropriation but said the site would remain closed through his term; he later expressed desire for "definitive" closure. Vulcan says this is "illegal expropriation" and seeks >US\$1B in claims. Media reported a decree designating the area as protected, constraining use.<sup>12</sup>
- 2024–2025: U.S. media and trade voices frame the situation as expropriation/harassment; U.S. senators urged Mexico to cease unfair treatment. Vulcan sought a Supreme Court ruling in Mexico.<sup>13</sup>

Why it matters:

- It is the clearest Quintana Roo case impacting a major U.S. company.
- It tests Mexico's investment-protection obligations and regulatory discretion (environment vs. property rights).
- It raises port logistics and supply-chain implications for U.S. Gulf Coast materials markets.

**The Airbnb Precedent**

What began as an effort to "bring order" to the tourism sector has turned into a case study of regulatory overreach. In 2024, Quintana Roo's government implemented new local tax and registration requirements for digital lodging platforms, ostensibly to ensure safety and fair taxation. However, in practice, these measures have resulted in arbitrary enforcement.

The state's tax agency and municipal inspectors have conducted unannounced raids on Airbnb properties, imposing opaque fines for alleged "irregularities" such as missing permits or unregistered guests. According to media, dozens of property owners in Cancún, Playa del Carmen, and Tulum have reported harassment and extortion attempts disguised as inspections.

While Airbnb has cooperated with federal authorities to collect a 6% lodging tax since 2019, local governments in Quintana Roo have used this regulatory space to exert pressure on independent hosts and small investors, many of them from the United States and Canada, demanding additional municipal fees or threatening closure. The absence of a transparent

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<sup>10</sup> [https://www.reuters.com/markets/commodities/mexican-president-rules-out-expropriating-vulcans-mine-maintains-land-closure-2024-05-22/?utm\\_source=chatgpt.com](https://www.reuters.com/markets/commodities/mexican-president-rules-out-expropriating-vulcans-mine-maintains-land-closure-2024-05-22/?utm_source=chatgpt.com)

<sup>11</sup> [https://www.reuters.com/markets/us/us-firm-says-mexican-authorities-illegally-seized-its-port-terminal-2023-03-20/?utm\\_source=chatgpt.com](https://www.reuters.com/markets/us/us-firm-says-mexican-authorities-illegally-seized-its-port-terminal-2023-03-20/?utm_source=chatgpt.com)

<sup>12</sup> [https://www.reuters.com/markets/commodities/mexican-president-rules-out-expropriating-vulcans-mine-maintains-land-closure-2024-05-22/?utm\\_source=chatgpt.com](https://www.reuters.com/markets/commodities/mexican-president-rules-out-expropriating-vulcans-mine-maintains-land-closure-2024-05-22/?utm_source=chatgpt.com)

<sup>13</sup> <https://apnews.com/article/mexico-us-quarry-company-property-dispute-82ac712d3519f8d322a41964658b33ce>

appeals process or consistent enforcement has created an uneven playing field that favors large hotel chains over small investors. The message is unmistakable: “formalization” is not guided by clear rules but by selective enforcement and political discretion.

### **Dolphinarium Closure**

The Dolphin Discovery case, one of the world’s largest dolphinarium operators, illustrates how legitimate causes such as animal protection or social welfare can be politicized for institutional gain. In early 2025, a dispute erupted between Mexican businessman Eduardo Albor, founder of the group, and his U.S. partners, represented by Steven Strom and the law firm Baker McKenzie. The conflict escalated after Albor forcefully retook the company’s Cancún headquarters with the backing of local authorities and the legal support of Fidel Villanueva, former president of the Quintana Roo Superior Court of Justice, a close political ally of the current administration.

Although the matter is being litigated in Delaware, where Dolphin Discovery’s parent company is registered, local courts in Quintana Roo have allowed Albor to maintain control of the assets and blocked enforcement of U.S. corporate resolutions. This dual-venue conflict, international arbitration versus state judicial capture, demonstrates how local power structures can override corporate governance, even when U.S. law is involved. Multiple U.S. investors have described the situation as a de facto expropriation through judicial manipulation. The episode highlights the risk that legitimate environmental or corporate claims are used as instruments of leverage by politically connected actors.

### **Aguakán and the Risk of Regulatory Overreach**

A recent dispute between the state water agency (CAPA) and the private concessionaire Aguakán exemplifies the growing risk of discretionary intervention in essential services. While CAPA blames the operator for high costs and poor service, tariffs are set by the agency itself. Meanwhile, Aguakán has invested more than 350 million pesos in 2025 to expand and modernize infrastructure in Cancún, Playa del Carmen, and Isla Mujeres.

Despite these improvements, CAPA issued a 3.75-billion-peso “debt” claim, far exceeding the company’s revenues and lacking legal foundation. Courts have ruled that CAPA has no authority to impose such payments, yet enforcement pressure continues. The case highlights a broader warning for investors: state entities can act beyond their legal mandate, using fiscal or regulatory tools to pressure private operators. In a sector as vital as water and sanitation, this kind of overreach functions as a indirect expropriation, eroding trust and deterring long-term investment.

## **Political Capture**

In Quintana Roo, the executive branch has managed to exert overreaching influence on local and federal judges to pursue political causes and in some cases facilitate extortion:

- **Political alignment over merit:** The recent appointment of judges perceived as sympathetic to the state executive has reinforced concerns over impartiality and the consolidation of political control within the judiciary.
- **Influence networks:** Key legal advisors within the state administration are reported to play a central role in shaping judicial outcomes and appointments, fostering a climate where loyalty and political convenience outweigh independence and legal rigor.
- **Alliance politics:** Coordinated interests between the state government and allied political groups have extended this influence beyond electoral periods, embedding a structure of long-term institutional alignment that undermines the separation of powers.

The outcome is a judiciary functioning as an instrument of economic control. Companies face “protection fees,” selective prosecution, and legal delays that transform judicial processes into tools of negotiation.

## Legal Uncertainty Beyond the Riviera

The institutional fragility in Quintana Roo reflects a nationwide phenomenon:

- In Guerrero, court orders to restore a seized concession remain unenforced.
- In Puebla, land “donations” have been demanded under threat of expropriation.
- In tourist corridors, criminal enterprises operate fraudulent schemes under official inaction.

Such trends indicate that rule of law in Mexico is no longer guaranteed by statutes, but by political discretion, a condition that magnifies the risk premium for all state-level investment.

## Implications for investors

| Risk Category      | Manifestation in Quintana Roo                                | Impact on Investment                      |
|--------------------|--------------------------------------------------------------|-------------------------------------------|
| Legal & Regulatory | Discretionary revocation of permits; “resale” of concessions | Contract insecurity; need for arbitration |
| Judicial           | Politicized rulings; selective enforcement                   | Lack of impartial recourse                |
| Security           | Increased violent crime, extortion, and kidnappings          | Operational risk; higher premiums         |
| Reputational       | Arbitrary closures under social or environmental narratives  | Brand exposure; investor flight           |

|               |                                                 |                         |
|---------------|-------------------------------------------------|-------------------------|
| Macroeconomic | Costlier financing; loss of investor confidence | Reduced competitiveness |
|---------------|-------------------------------------------------|-------------------------|

## Strategic Outlook

- Short term (12–18 months): Elevated litigation and arbitration risk under USMCA and Mexican federal courts.
- Medium term (2–4 years): Persistent perception of institutional weakness may deter foreign entrants in tourism and energy.
- Long term: Only structural reforms restoring judicial independence and consistent contract enforcement can reverse the current trajectory.

## Conclusions and Recommendations

It's imperative that local representatives...Quintana Roo remains a global tourism hub, but its governance fragility is no longer a peripheral concern. The combination of unlawful appropriation, judicial capture, and rising insecurity represents a structural, not cyclical, risk. Texan businesses and policymakers should treat the state's legal instability not as an isolated case, but as a barometer for broader rule-of-law vulnerabilities in Mexico's most strategic regions.

1. **Federal Oversight:** Reinforce federal monitoring of concession revocations and judicial appointments to ensure compliance with national standards.
2. **Investor Safeguards:** Encourage bilateral investment-protection agreements and arbitration readiness under USMCA.
3. **Transparency Mechanisms:** Require public disclosure of audits, concession transfers, and legal reforms affecting private operators.
4. **Security-Legal Nexus:** Integrate public-security metrics into national risk assessments for investment promotion.
5. **Institutional Rebuilding:** Support reforms that restore judicial independence and enforce separation of powers.