

# CLIENT ALERTS

## Mexico Announces its Plan to Resume Economic Activity and Return to a “New Normal” in Three Phases

5.13.2020

On May 13, 2020, the Mexican government announced its plan to return to a new normal beginning on June 1, 2020. Since Mexico's March 31<sup>st</sup> order, the majority of businesses in Mexico have been closed due to mitigation efforts to curve the spread of the COVID-19 virus. The plan will be implemented gradually and rolled out in three phases starting on May 18.

- **Phase One (May 18).** During the first phase, 269 municipalities (i.e., counties) in 15 states that have not reported COVID-19 cases will be allowed to restart educational and work activities.
- **Phase Two (May 18 – May 31).** During the second phase, businesses will begin preparations to reopen their activities. These preparations will include: (1) the development of health protocols needed to restart operations, (2) personnel training, (3) reconfiguring workspaces and productive processes, and (4) installing entry point screening filters and workplace environment sanitization and hygiene actions. **Also, during this time frame the transportation equipment, mining, and construction industries will be added to be classified and deemed “essential” business activities.** This last point is important because it means that “essential” business will not need to stop operations if the red color (as we will see in the next phase) is assigned to the state where they have production facilities.
- **Phase Three (June 1).** During the last phase, a color-coded alert system (red, orange, yellow, and green) will be rolled out by state for reopening of social, economic, and educational activities. The color assigned to the state will permit the degree of activity that may be performed in the state at such time as the color code is assigned (similar to Bush Administration DHS color-coded alerts for terrorism). The color-coded alert system will have five categories: (1) public health and work measures; (2) work activities (i.e., essential or

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not); (3) Open spaces; (4) precautions vulnerable people should take; and (5) educational or academic activities. The color-coded alert system assigned to each state will be determined at the federal level and will be constantly evaluated. This means that color-code classification could change at any moment for a particular state. As a way of example, when the red color is assigned to a state, (1) public and health measures recommended by health authorities must be observed, (2) only “essential” activities will be allowed to operate, (3) open spaces will be closed, (4) vulnerable people will not be allowed to return to the worksite, and (5) schools will be closed.

The descriptions above are preliminary and vague, we are expecting more details about the color-code alert system and its implications when the official regulations are published in Mexico’s Official Gazette. In the meantime, with the announced information, we can draw some general conclusions:

- Public health and work measures mandated by the Secretaries of Health and Labor will need to be observed at all times regardless of the assigned color-code alert. For additional information on Mexico’s Secretary of Health guidance please refer to our previous alerts [here](#).
- Only industries deemed “essential” will be able to operate when the red color is assigned to a particular state. It is expected that suppliers to these industries will also be considered essential. Unfortunately, today’s announcement is not definitive as to the exact date when such industries will be deemed “essential” and allowed to begin their operations. Particularly, the reclassification of the transportation industry as essential was widely sought by diverse stakeholders in the United States and Mexico and was a contention point between the two countries. The United States, Canada, and Mexico have integrated supply chains. Vehicles and vehicle parts often cross the border six or seven times before a vehicle is finally assembled. Multiple trade associations across industries complained that Mexico’s refusal to classify such industries as “essential” complicated their productions and start-up plans.
- Companies will need to properly identify their employees who are deemed “vulnerable” according to Secretary of Health guidelines and prohibit access to the workplace depending on the color code assigned to the state where the workplace is located. While this may sound straightforward for pre-existing conditions, complications could arise when classifying employees who are obese. Obesity is classified as a health condition that renders an employee vulnerable.
- Companies will need to closely monitor the color-code assigned to the state where they have operations. This may trigger some difficulties for operations in multiple states.
- Companies that chose to open their business will need to comply and monitor the guidelines published by Mexico’s governmental authorities from time to time.

Yesterday, Mexico’s General Health Council announced (in a tweet) that it approved a resolution declaring the transportation, construction, and mining industries as essential. However, as of this date of this publication, those resolutions or today’s announcements have not been published in Mexico’s Official Gazette. The publication requirement is important since legal weight to those announcements is only binding after they are published. We will continue to monitor Mexico’s Official Gazette and provide updates through our client alerts. We will keep you informed when this happens.

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For assistance in properly following Mexico's work guidance, or if you have any specific questions you would like us to address, please contact Raul Rangel, Co-Chair of the Butzel Long Mexico Team, and licensed in both New York and Mexico. We are here to assist you.

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