

CLIENT ALERTS

Update: Mexico Announces Its Plan to Resume Economic Activity and Return to a “New Normal” in Three Phases

5.14.2020

Yesterday, we published an alert outlining the details of Mexico’s plan to resume its economic activities. At the time the alert was sent, Mexico’s Official Gazette had not yet published the official resolutions with the exact dates. This morning, the official resolutions were published.

Activities related to construction, mining, and manufacture of transportation equipment will now be considered essential.

Companies engaged in such industries will now be allowed to resume operation on June 1, and they will be allowed to engage in activities to implement health-related guidelines from May 18 to 31. The translation of the relevant provision of the publication is as follows:

*It is established as an extraordinary action that the activities of the construction industry, mining, and **those relating to the manufacture of transportation equipment, will be considered essential activities.** Companies engaged in such activities may start work on June 1, 2020. Likewise, from May 18 to 31, 2020, said companies will implement the guidelines for health security in the workplace, published by the Secretary of Health, in coordination with the Secretaries of the Economy and Labor, as well as the Mexican Social Security Institute.*

The designation of “essential” activities allows companies in those industries to continue operating despite the color-coded alert system assigned to the state or region in which they operate. Please refer back to yesterday’s alert for more information regarding the color-code alert system. This is particularly relevant if Mexico experiences additional contagion waves that compel the Secretary of Health to re-impose strict quarantine measures. The color red means that only activities considered essential will be allowed to continue operations.

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Despite the publication in Mexico's Official Gazette, many questions still linger. Do companies engaged in those industries need to register to obtain a declaration of essential activity? If so, what are the steps necessary to achieve such registration? Also, will companies be able to perform some sort of warm-up operations during the May 18 – 31 period? Perhaps most troubling is that the publication text does not include specific language addressing whether the entire supply chain (i.e., vehicle assembly, tier 1, tier 2, tier 3, commodities) of those industries is also considered essential. The Mexican Auto Industry Association has already requested that the definition of transportation equipment be clarified to unquestionably include the entire supply chain.

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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