



KINSTELLAR

Bilateral legal relationships – legal risks of business in Mexico, how to deal with them?


December 2021


Kinstellar: Legal advice in Emerging Europe and Central Asia

Kinstellar is an international law firm. We focus on emerging economies in Central and South Eastern Europe and Central Asia. Our offices are in **Almaty** and **Nur-Sultan** (Kazakhstan), **Belgrade** (Serbia), **Bratislava** (Slovakia), **Bucharest** (Romania), **Budapest** (Hungary), **Istanbul** (Turkey), **Kyiv** (Ukraine), **Prague** (the Czech Republic), **Sofia** (Bulgaria) and **Tashkent** (Uzbekistan).

We have strong experience in providing legal advice to clients in jurisdictions where we do not have a local presence working in joint teams with leading local law firms.




11
offices


300+
lawyers

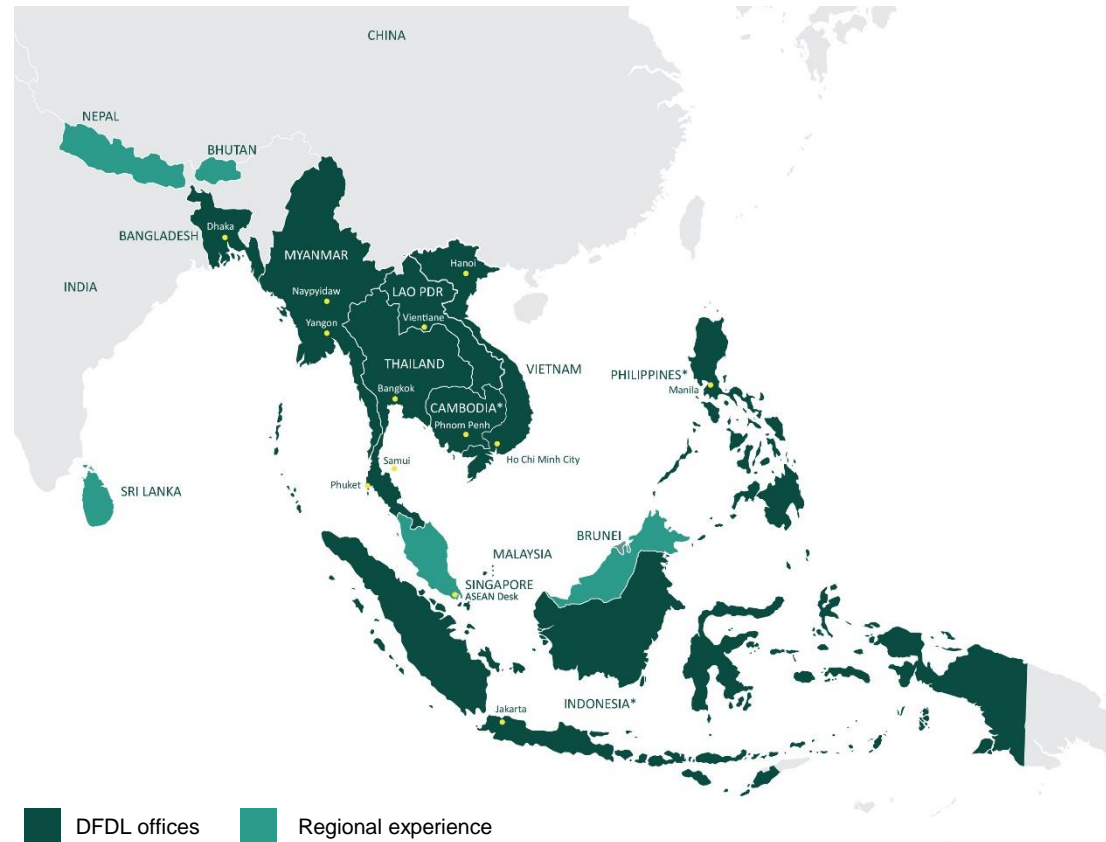

8.500+
matters




DFDL: Legal advice in Southeast Asia

DFDL is an international law firm. We focus on emerging economies in Southeast Asia.

DFDL practices in **Bangladesh, Cambodia, Indonesia, Lao PDR, Myanmar, Philippines, Thailand, Vietnam and Singapore** (ASEAN Desk).

As a leading international law firm serving the Southeast Asian region, DFDL has also developed 'desks' to serve those clients from Singapore, China and India and which operate or have business in the DFDL Southeast Asian countries.



 13 offices	 9 countries	 150+ advisers
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What We Do

The range and breadth of our specialist services and sectors set us apart in Emerging Europe and Central Asia.

Sectors

- Automotive & Industrials
- Consumer & Retail
- Defence & Security
- Financial Institutions
- Energy & Natural Resources
- Infrastructure & Transportation
- Life Sciences & Healthcare
- Real Estate
- Technology, Media & Telecommunications

Services

- Asset Solutions
- Banking, Finance & Capital Markets
- Competition & State Aid
- Compliance, Risk & Sensitive Investigations
- Data & Cybersecurity
- Dispute Resolution
- Employment & Labour Law
- Energy & Natural Resources
- Environmental, Social & Governance (ESG)
- Infrastructure & Projects
- IT & IP
- M&A, Corporate & Private Equity
- Real Estate, Construction & Planning
- Restructuring & Insolvency
- Tax
- Telecommunications
- White-Collar Crime



Out of Area

But certainly not out of our depth. Quite the contrary.

We have experience in **close teamwork with legal counsel in jurisdictions where we do not have our own office**. Kinstellar Prague would be your **single point of contact** in order to ensure the unified approach.



In **Mexico** we work closely with **Basham, Ringe y Correa** , one of the leading full-service law firms in Latin America. Established in Mexico in 1912, Basham draws a century of experience assisting its clients in conducting business throughout Mexico and abroad.

The firm's in-depth knowledge and insight into the international as well as the domestic market, including economic trends and current affairs, give the firm a solid base and perspective in order to offer fully-integrated and tailored solutions to their clients.

- Investment
- Most Common Types of Entities
- Establishing a company
- International Treaties
- Enforcement of Decisions / Judicial Cooperation / Arbitration
- IP protection



- Mexico is **16. biggest economy in the world** and the **Czech Republic's main trading partner in Latin America**
- Mexico's business environment is investor-friendly at **60th place in Ease of Doing Business in world rankings (2020)**
- **Index of Economic Freedom – World Rank 65 (2021)**
- Mexico is one of the most important economic partners in the Latin America thanks to its **strategic position** and free trade agreements, which give it **access to the North and South American markets**
- Since 2001 Mexico has a comprehensive **free trade agreement with EU**, which allows for duty-free import and export on most products



Most Common Types of Entities

- **Stock Corporation (“SA”)** – suitable for larger enterprises
- **Limited Liability Company (“S. de R.L.”)** – popular among foreign investors, practical for small and medium enterprises
- **Simplified Shares Company (“SAS”)** – faster and cheaper formation process than SA or “S.deR.L.”
- **A Branch Office** - Legislation of Mexico allows for the possibility of opening a branch office or a subsidiary (not a separate legal entity)



Stock Corporation (“SA”)

- **Required minimum** share capital needed of approx. **USD 2,500**
- **Minimum of 2 shareholders** to set up
- All the major decisions are taken by the **general meeting of the shareholders**
- Management of the corporation is undertaken by a **director** or a **board of directors**
- **Mandatory Statutory Examiner** and mandatory yearly shareholders meeting

Limited Liability Company (“S. de R.L.”)

- **Required minimum** share capital needed of approx. USD 145 of which 50% must be paid at the time of incorporation
- Founded with a minimum of **2 partners and a maximum of 50**
- All daily decisions are taken by the sole **director** or by a **board of directors**
- Major decisions are taken by the **general meeting of the partners**

Simplified Shares Company (“SAS”)

- Requires one or more shareholders
- Easier and cheaper set up and maintenance than a regular corporation
- Maximum total gross revenue limited to approx. USD 245,000

Foreign branch office in Mexico

- not a separate legal entity
- represents a sub-unit of the parent company operating in this country or in a foreign jurisdiction



SHARES

- There are restrictions and exclusions on owning shares in some sectors and services

REAL ESTATE

- Ownership of land is restricted by Calvo Clause and direct ownership of real property is restricted within Restricted Zone



Business and trade

- Mexico signed on 8 December 1997 **Free Trade Agreement between Mexico and the European Union (FTA EU-MX)** which entered into force on 1 October 2000
- **UN Convention on Contracts for the International Sale of Goods (CISG)**

Dispute resolution

- **ICSID Convention (Washington Convention)** - Convention on the Settlement of Investment Disputes between States and Nationals of other States
- **Member of Multilateral Investment Guarantee Agency (MIGA)** |

Transport and logistic

- Convention for the Unification of Certain Rules for International Carriage by Air (**Montreal Convention**)
- Convention on Temporary Admissions and Use of the Carnets (**ATA Convention**)

Energy

- Member state of International Energy Agency (IEA)
- Member state of International Atomic Energy Agency (IAEA)
- Member state of International Renewable Energy Agency (IRENA)

Finance

- Agreement of the International Monetary Fund (IMF)
- Member state of the International Bank for Reconstruction and Development (IBRD), the International Finance Corporation (IFC), International Development Association (IDA), Caribbean Development Bank (CBD) and Development Bank of Latin America (CAF)

Terrorism and Corruption

- UN International Convention for the Suppression of the Financing of Terrorism
- UN Convention against Corruption

- Convention between the Czech Republic and the United Mexican States for the **Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital**
- Agreement between the Czech Republic and the United Mexican States on **the Promotion and Reciprocal Protection of Investments**
- Agreement between the Ministry of Industry and Trade of the Czech Republic and the Ministry of Economy on the establishment of a high-level working group **on strengthening of bilateral economic cooperation**

Enforcement of Decisions / Judicial Cooperation / Arbitration

Enforcement of Decisions

- Although the recognition of foreign judgements does not take place automatically, and judgements must comply with conditions under Mexican law for recognition of judgments, Mexico generally apply international rules for recognition of foreign judgements equally to all countries and generally complies with the requests

Enforcement of Arbitral Awards

- Instrument of ratification of 14 April 1971 on accession to the **International Convention on Recognition and Enforcement of Foreign Arbitral Awards**

- In Mexico intellectual property (“**IP**”) is protected by laws but also by numerous **international treaties**:
 - **Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement)**
 - **Berne Convention for the Protection of Literary and Artistic Works**
 - **Paris Convention for the Protection of Industrial Property**
 - **Patent Cooperation Treaty**
- Mexican intellectual property comprises the protection of **patents, utility models, industrial designs, trademarks, geographical indications, trade names, trade secret and other IP related matters.**
- A member of the **World Intellectual Property Organization**





Thank you!

KINSTELLAR

Kamil Blažek
Partner
+420 221 622 160
kamil.blazek@kinstellar.com



www.kinstellar.com