

Androvett News Alert

Doing Business in Mexico? It's a Whole Other Country



Mexico's energy reform has opened that country's oil and gas sector to private companies, generating widespread interest among U.S. oil and gas companies and other businesses. But working under a foreign legal system can cause some unexpected snags for U.S. companies that are not properly prepared.

Houston-based, Mexican-licensed lawyer [Jaime A. Treviño](#) of J.A. Treviño Abogados, or [JATA](#), which is headquartered in Monterrey, Mexico, represents U.S. businesses in their dealings in Mexico. His firm has produced a "[Practical Handbook](#)" outlining that country's energy reforms and some of the challenges confronting foreign-based companies. Mr. Treviño explains:

"First, most land in Mexico is not private property, so it cannot be easily sold. Much of Mexico's territory is classified as an 'ejido,' a collective group of people that live and work as a community. This land first must be converted into private property before it can be sold, and special negotiations with a whole community are often required. There are horror stories in which communities refuse to cooperate and halt entire projects, or cases where investors have taken advantage of people, particularly indigenous communities. It is critical to have expert legal advice to deal with these situations and negotiations properly.

“Second, much is made of Mexico’s cheap labor. But job protections are ironclad for virtually all full-time Mexican workers. It is difficult to fire an employee, but most of all, it’s costly. Mexican law requires 90 days of paid salary for an employee, even if he or she has worked just a single day. It is critical to structure labor relationships in a manner that is best for each company or project, and in compliance with Mexican labor law.

“Then, there are the excruciatingly detailed requirements of the Mexican legal system when a company is dealing with the government. Every form must be filled out in an exacting way. Simply abiding by the spirit of the law does not cut it. For example, something as seemingly simple as a company director needing power of attorney must comply with requirements that are not standard when doing business in the U.S.

“It is essential to have the legal advice of a lawyer who completely understands the formalities of the Mexican legal system. That is what led us to produce our energy reform handbook.”

For more information or to set up an interview, contact Kit Frieden at 800-559-4534 or kit@androvett.com.

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