



# NEWSFLASH

## **Force Majeure Clauses under Mexican Law**

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Although the novel coronavirus and the COVID-19 disease it has spawned have been declared a worldwide pandemic by the World Health Organization (“WHO”), from a legal standpoint in Mexico the current pandemic does not appear to justify a breach of contract under the theory of force majeure or as an Act of God. In our view, this will be the case until Mexico’s federal government, or individual state governments, declares which specific restrictive measures or prohibitions would directly impact a contracting party’s ability to perform its contractual obligations and/or be completely beyond the control of such party. Currently, in Mexico, certain states have issued various restrictions ordering the closing or limiting of activities in specific business sectors of the economy. Subject to a case-by-case review, such restrictions could already be considered to constitute an event of force majeure or excuse to perform contractual obligations. Nevertheless, these limited restrictions do not apply generally in all cases throughout Mexico. Presently, and until Mexico’s federal government officially declares a state of emergency imposing additional measures, parties should review all contracts, agreements, purchase orders, and signed documents in detail and analyze whether the closures and restrictions that have been ordered to date could apply to a given situation, thus excusing contractual breaches and performance. Separately, parties should also carefully review any limitations of liability and force majeure provisions to confirm whether such apply in their individual cases. Our firm’s attorneys are available to assist you and your company in the review of your existing contracts in light of the COVID-19 pandemic and its attendant catastrophic effects on the world economy.