

**TRADING UNDER THE
LAWS OF MEXICO**

**U.S. DEPARTMENT OF COMMERCE
BUREAU OF FOREIGN AND DOMESTIC COMMERCE**

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TRADING UNDER THE LAWS OF MEXICO

BY

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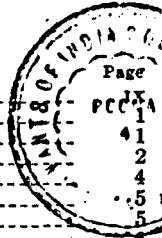
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CONTENTS

	Page
Foreword.....	1
I. Introduction.....	1
Codes in force.....	41
Conflicts of laws.....	2
Executive power: Recent legislation.....	4
II. Merchants and their commercial acts.....	5
Legal capacity to engage in commerce.....	5
Foreigners.....	6
Commercial acts defined.....	10
Obligations incident to doing business.....	12
Publication.....	12
Mercantile registration.....	12
Bookkeeping.....	14
Importance of keeping books.....	15
Preservation of correspondence.....	15
Stamp tax.....	16
III. Contracts.....	17
Form.....	17
Essential elements.....	17
Offer and acceptance.....	18
Interpretation of contracts.....	18
Kinds of obligations.....	19
Transfer and conveyance of obligations.....	20
Acts and conveyances in fraud of creditors.....	20
Subrogation.....	21
Performance of obligations.....	21
Tender and deposit.....	22
Time and place of performance.....	22
Extinguishment of obligations.....	23
Merger.....	23
Release.....	23
Novation.....	23
Nonperformance of contracts—damages.....	24
Nullity of obligations.....	24
Nullity under the Civil Code of 1884.....	25
IV. Negotiable instruments and credit operations.....	26
Negotiable instruments in general.....	26
Conflicts of law.....	27
Nominative instruments—endorsement.....	28
Bearer instruments—recovery of documents.....	28
Bills of exchange.....	29
Form and content.....	29
Acceptance.....	30
Acceptance for honor.....	31
“Aval” (suretyship).....	31
Payment.....	31
Payment for honor.....	32
Protest.....	32
Waiver of protest.....	33
Actions to collect on bills of exchange (“acción cambiaria”).....	33
Bills in a set.....	34
Promissory notes.....	34
Form and content.....	34
Checks.....	35
Bonds, debentures, and other obligations.....	36
Prerequisites governing issues.....	36
Preparation of bond issues.....	37
Qualifications and duties of bondholders’ representative.....	37



IV. Negotiable instruments and credit operations—Continued	
Bonds, debentures, and other obligations—Continued	Page
Bondholders' meetings	38
Payment of bonds	38
Action by bondholders	39
Certificates of deposit and pledge bonds	39
Credit operations	39
Exchange of credit documents ("reporto")	39
Discount of credits	40
Extension of credit ("apertura de crédito")	40
Current account	41
Letters of credit	41
Irrevocable credit	42
Miscellaneous credit	42
Trusts ("fideicomiso")	42
Bailments	43
Stamp tax	44
Pledges	44
V. Agency	46
General considerations	46
Commission agency	46
Acceptance of commission	46
Duties of "comisionista"	47
Provision of funds	48
Liability of "comisionista"	48
Fees of "comisionista"	48
Termination of the agency	49
Effectiveness of doing business through "comisionistas"	49
General rules of agency	50
Kinds and scope of "mandatos"	50
Obligations of agents	51
Obligations of the principal	52
Liability of principal for damages	52
The agency for litigation	52
Termination of agencies	53
Form	54
Authentication	56
Protocolization	56
Costs	57
Managers and clerks	58
Managers "factores"	58
Clerks	59
Brokers	59
Qualifications	59
Manner of operating	60
Obligations	60
Penalties	60
VI. Sales	61
Definition of a commercial sale	61
Consummation of commercial sales	61
Delivery	62
Risk of loss	62
Remedies	62
Warranties	63
Form	63
Methods of selling	63
Stamp tax	63
Rules governing payment	64
Sales made by foreign firms	65
Promise to sell or to buy	65
Sales exempted from the tax	66
Conditional sales	66
Validity sustained	66
Preparation of the contract	67
Enforcement of the contract	68
Form of contracts in use	68
Use of the new law restricted	69

CONTENTS

V

	Page
VII. Miscellaneous contracts—prescription.....	70
Leases.....	70
Stamp tax on leases.....	71
Loans.....	71
Interest rates.....	72
Mortgages.....	72
Surety and guaranty ("fianza").....	73
Nature and extent of the "fianza".....	73
Benefit of "orden" and "excusión".....	74
Rights of "fiador" against principal debtor.....	74
Rights of "fiador" against other "fiadores".....	75
Discharge of a "fiador".....	75
Stamp tax upon surety and guaranty obligations.....	75
Prescription (statute of limitations).....	76
Negative prescription.....	76
Commercial prescription.....	77
Suspension and interruption of prescription.....	78
VIII. Mercantile organizations.....	79
The contract of organization.....	79
The general partnership.....	80
Liability of partners.....	80
Rights and obligations of partners.....	81
Management of the partnership.....	81
Liquidation of partnerships.....	82
Rights of action.....	82
Division of assets.....	83
Rescission and dissolution.....	84
Partnership with limited silent partner.....	84
Share partnerships.....	85
Business corporations.....	86
Organization of corporation.....	86
Shares of stock and bond issues.....	87
Meetings of stockholders.....	88
The board of directors.....	89
Managers.....	90
Examiners.....	91
Dividends, reserve fund, and accounts.....	91
Dissolution and liquidation.....	92
Merger of companies.....	93
Cost of incorporation.....	93
Foreign companies.....	94
Registration of foreign companies.....	95
Cost of registration.....	96
What constitutes "doing business".....	97
Provisions of law applicable.....	98
Associations and cooperatives.....	99
Organizations under Civil Code of 1932.....	100
IX. Insurance and labor legislation.....	101
Insurance contracts.....	101
Fire insurance.....	101
Insurable property.....	101
Payment of premiums.....	102
Effect and extent of fire insurance.....	102
Obligations of the insured—rescission.....	102
Adjustment of losses.....	103
Transportation insurance.....	103
Maritime insurance.....	104
Nature of the contract.....	104
Insurable property.....	104
Obligations of the insurer and the insured.....	105
Abandonment of things insured.....	107
Stamp tax.....	109
Labor legislation.....	110
General provisions.....	112
The individual labor contract.....	112
The collective labor contract.....	113
Working hours and rest days.....	114

IX. Insurance and labor legislation—Continued	
Labor legislation—Continued	Page
Wages	114
Work rules	115
Work of women and children	115
Obligations of employer	115
Obligations of workers	116
Modification and suspension of labor contracts	116
Rescission of labor contract	116
Termination of labor contracts	117
Domestic labor	117
Regulation of labor in various industries	117
Contract of apprenticeship	118
Unions	118
Coalitions, strikes, and lockouts	119
Occupational hazards	119
Labor authorities	120
Procedure	122
X. Common carriers	123
Carriers by land and river	123
The bill of lading	123
Rights and obligations of the shipper	124
Rights and obligations of the carrier	124
Rights and obligations of the consignee	125
Preparation and effect of carriers' regulations	126
Carriers by sea and ocean	126
The ocean bill of lading	127
Liability of common carriers	128
Transportation through various carriers	129
Liability of airplane carriers	130
Stamp tax	131
XI. Taxation	132
Federal taxes	132
State and municipal taxes	133
The Federal income tax law	135
I. Tax upon merchants, industrialists, and farmers	135
II. Tax on invested capital	136
III. Tax on concessions and subsoil exploitation	139
IV. Tax on salaries	140
V. Tax on professions, arts, and trades	141
Retaining agents	142
Absentee tax	142
XII. Bankruptcy	143
Merchants subject to bankruptcy	143
When bankruptcy proceeds	143
Kinds of bankruptcy	144
Accomplices of bankrupt	146
Effects of bankruptcy	146
Property of husband and wife	147
Property exempt from the bankruptcy	147
Revindication in bankruptcy	148
Maturity and annulment of obligations	149
Joinder of actions—foreign bankruptcies	150
Time of bankruptcy	150
Composition of creditors	151
Payment of claims	151
Discharge of bankrupt	152
Bankruptcy of business organizations	153
Procedure in bankruptcy	153
Securing the bankrupt estate	153
Sindic and interventor	154
Preparation of the inventory	154
Presentation of claims	155
Status of claims not presented in time	155
Allowance of claims	156
Contesting admission and exclusion of credits	156
Judicial liquidation and surrender of assets	156
Involuntary bankruptcy	157

CONTENTS

VII

	Page
XII. Bankruptcy—Continued	
Procedure in bankruptcy—Continued	
Administration of the bankrupt estate.....	158
Classification of creditors.....	158
Order of payment of claims against nonmerchants.....	159
XIII. Legal procedure.....	162
Jurisdiction of Federal courts.....	163
The Supreme court.....	163
The Federal circuit courts.....	163
The Federal district courts.....	163
Procedural laws in force.....	164
The "amparo" suit.....	164
Grounds for "amparo".....	165
Procedure in "amparo" suits.....	166
Suspension of the act complained of.....	167
Suspension in "amparo" against tax collections.....	169
Execution of the suspension.....	169
The judgment in "amparo".....	170
Review proceedings.....	170
Effect of "amparo" judgments.....	171
Commercial procedure.....	171
Precautionary measures ("providencias precautorias").....	172
Preliminary proceedings.....	173
The ordinary action.....	173
Pleas and defenses.....	174
The executory action.....	175
Judgments and appeals.....	176
Intervention.....	176
Judicial costs.....	177
Evidence.....	177
Burden of proof.....	178
Time for presentation of evidence.....	178
Kinds of evidence—probative force.....	179
Admissions.....	179
Public and private documents.....	180
Testimony of experts and judicial examination.....	181
Declarations of witnesses.....	182
Public report.....	183
Presumptions.....	183
Commercial arbitration.....	184
Foreign judgments.....	185
Supplementary publications.....	187

FOREWORD

In many respects, the operations of foreign trade are much more complicated than domestic transactions. The problems involved are more than intermediate difficulties arising from national boundary lines, taking the form of differing currencies and trade barriers. There is also the necessity of adapting business methods to different cultures. Among the factors requiring special consideration in dealing with any foreign country is its legal structure. In some instances, the basic law follows the same outlines as our own. However, in those countries whose legal system takes the form of civil law rather than common law, the need for detailed information if trade is to be carried on intelligently and profitably, is particularly marked.

The present study of the legal framework surrounding commercial transactions in Mexico is of special significance, for basic changes have recently been made there. A new Civil Code, in effect in the Federal District and adopted by several States, has introduced material changes in fundamental contract law. It now liberalizes the exceedingly strict regulations governing the execution and use of powers of attorney and encourages the extension of credit by legalizing conditional sales. An income-tax law not only completely changes existing rates but alters the method of assessing the tax. A new law governing bills of exchange and negotiable and other credit instruments facilitates and clarifies the use of these documents which are so necessary to foreign trade. Likewise, a new law of communication, regulating both transportation and communication, more definitely defines the rights and liabilities of carriers and shippers.

Mexico is at present our most important export market to the south. During 1933, Mexico took approximately \$37,500,000 worth of our merchandise, compared with \$36,900,000 shipped to Argentina and \$29,700,000 to Brazil, our next best Latin American markets. However, Mexico in 1933 only ranked fifth among the countries of that area as a source of United States imports, being surpassed by Brazil, Cuba, Colombia, and Argentina. Our imports from Mexico in that year were valued at \$30,716,000.

General business conditions in Mexico have been rather steadily on the upgrade since the middle of 1932. The last crop season was favorable, and agricultural production is being stimulated by the credit policy of the Government. During the last 2 years Mexico has become practically self-sufficient in wheat, flour, and eggs, and has greatly reduced her imports of butter. There has been considerable expansion in manufacturing, which now occupies an important place in the national economy. Reports indicate that the principal manufacturing industries had a prosperous year during 1933 and were still doing well up to the time this bulletin went to press. Mining prospects have been somewhat improved by the higher price of metals.

At the beginning of 1934 the Government launched a 6-year plan of economic reconstruction, which calls for an extensive program of public works, particularly in connection with highways, irrigation, sanitation and water supply, housing, and railway and port construction. Private construction also has been more active than for many years.

This combination of improved business conditions, foreign trade volume and far-reaching changes in basic law makes exceedingly timely the publication of this study. The purpose of this publication is not only to provide a handbook for lawyers, but to provide a legal background upon the basis of which the export executive may intelligently consider his Mexican policy and problems, and note the sign posts which will enable him to skirt legal pitfalls and be forewarned of legal difficulties. The protective measures to be adopted in each instance are for the exporter's counsel, who then may forestall them and not be relegated to the position of endeavoring to extricate the exporter from a legal situation made difficult by the lack of proper precaution.

This study contains not only information which will enable the exporter more intelligently to shape his export policy and design his export machinery, but also information concerning many specific problems that may arise. For the lawyer it is a convenient reference book which will assist him materially in answering many of the problems presented to him, and also a valuable guide in briefing many of the more difficult and less common problems that may arise in the course of his practice.

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