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MEXICAN LEGAL NEWS

Prohibition on importing goods produced with Forced Labor

On May 18, 2023, the Resolution establishing the merchandise whose importation is subject to regulation of the Ministry of Labor and Social Welfare (the "Resolution") published jointly by the Ministry of Economy ("SE") and the Ministry of Labor and Social Welfare (STPS"), entered into force. On that same date, the Guidelines for the Implementation of the Mechanism to Restrict the Importing of Goods Produced with Forced or Compulsory Labor (the "Guidelines") were published.

Through the Resolution, its Sole Annex (the "Annex") and the Guidelines, Mexico fulfills article 23.6 of the Labor Chapter of the United States-Mexico-Canada Agreement ("USMCA") which prohibits the importing of goods produced through forced or compulsory labor, including child labor.

The following aspects of these provisions are worth noting:

- The Mexican Government may prohibit entry into Mexican territory of goods produced with forced labor.
- It will be understood that the goods to be imported into Mexico, under any customs regime, were produced without using forced or compulsory labor, including child labor, as long as there is no resolution in force over them issued by the STPS under the terms of the Annex.
- The STPS, in coordination with SE and through the exchange of information with Mexican and foreign authorities, may, ex officio or at the request of any individual or legal entity legally incorporated in Mexico, initiate the procedure for investigating the use of forced or compulsory labor.
- The STPS will have a period of 180 working days to investigate the identified merchandise and issue a determination in this regard. That period may be extended once for an equal period.
- In the event that the STPS determines the existence of forced or child labor in the production of goods, this determination will be published on its website so that importers are aware of the tariff items whose importation will be prohibited.
- The STPS will also inform the national customs authorities in order to implement this prohibition.
- The affected individual or legal entity may request the review of the determination issued by the STPS to annul it, for which it must present the information and documentation proving that the use of forced labor in the production of the goods has ceased. The review process must be requested through the Single Window for Mexican Foreign Trade (*Ventanilla Única de Comercio Exterior Mexicano*).

All these measures are consistent with international law, specifically, the Forced Labour Convention (No. 29) of the International Labour Organization ("ILO"), the 2014 Protocol to Convention 29, ILO Convention 182 on the Worst Forms of Child Labour, Chapter 23 on Labor of the USMCA and the United Nations Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children (known as the Palermo Protocol). They are also a reflection of the progress in the ESG (Environmental, Social and Governance) agenda in the legal framework of our country.

For all the above, we consider it of utmost importance as a preventive measure to verify and corroborate with the suppliers of goods to be imported into Mexico their compliance with each and every one of the provisions of the Resolution, as well as their compliance in labor matters with respect to their workers and, where appropriate, design or implement strategies to avoid risks and identify areas of opportunity in this regard.

The Labor and International Trade teams are at your disposal to answer any questions you may have in this respect.

You can find the mentioned publications at the following links:

Resolution, <u>click here</u>. Guidelines, <u>click here</u>.

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