

**AUTOMOTIVE
INDUSTRY PRACTICE**





Automotive Industry Practice

Our Automotive Industry Practice is comprised of a talented team of lawyers from several practice areas, ready to provide comprehensive and diverse legal advice on matters relevant to the automotive business, considering the different aspects relevant to clients' businesses. Among our industry clients we currently serve OEMS and Tier 1, 2 & 3 manufacturers, as well as multiple service providers to the industry in general.

Our Automotive Industry Practice provides full-service legal advice to our clients, including but not limited to Corporate Transactional and M&A; Real Estate & Environmental; Tax (including international and domestic planning and litigation); Labor, Social Security & Immigration; International Trade and Customs; Corporate Governance & Regulatory Compliance; Litigation and Dispute Resolution and Antitrust, among others.



Industries we serve

As a multidisciplinary law firm, we regularly advise foreign and domestic OEMS and automotive companies doing business in Mexico and those other businesses engaged in the industry's supply chain.

Our attorneys are experts in advising foreign investors on the design and implementation of adequate and sound legal strategies and implementation plans to ensure successful operations and investments in Mexico. Our experience advising companies in the automotive industry comprises organizations from the US, Canada, Germany, Japan, Italy, Korea, the Netherlands, Spain, France, Switzerland, Sweden and China, among others

We identify four operational steps that require legal assistance and advice:

Selection of Operations Site, including analysis and negotiation of investment subsidies.

Pre-Operative Stage, including addressing major corporate, tax, labor and foreign trade issues.

Start-Up Operations, having all required permits and authorizations in place.

Daily Legal-Operational Requirements

REPRESENTATIVE EXPERIENCE

- » Advised a global OEM in the international joint venture agreement with another global OEM to create a Mexican 50-50 joint venture company to develop a luxury car manufacturing facility in Aguascalientes, Mexico. We acted as lead counsel for the Japanese investor in the negotiations and implementation of the JV agreement, including the closing and incorporation of the JV company, and the drafting of a substantial number of related contracts. We also represented both parties in filing the antitrust authorization before the Mexican antitrust authorities. This transaction is important because of its value, complexity, and uniqueness. It generated significant investment and is expected to create thousands of jobs. It required complex negotiations lasting more than two years and involved several jurisdictions (Japan, Germany, the US, Switzerland and Mexico). This is the first joint venture transaction of this nature in the automotive sector in Mexico.
- » Provided constant labor advice on individual and collective legal issues to two of the most important manufacturing facilities in Mexico, located in the City of Aguascalientes, Mexico, having a combined labor force of over 8,000 unionized workers. We have prepared a contingency plan for the investor to deal with certain leadership problems at the labor union level and transition measures in case of internal crisis. Our plan includes the necessary measures to maintain productivity and the company's operations without interruption. We advised the client with respect to several foreign trade and customs matters arising from a large joint venture executed with another OEM for the manufacture of luxury vehicles in Aguascalientes. This matter is especially significant because the referred industrial plant

Practice areas serving the Automotive industry:

Corporate & M&A, Real estate, Environmental, Tax

Labor, social security & immigration

International trade & customs

Corporate governance & regulatory compliance

Litigation & dispute resolution

Antitrust

REPRESENTATIVE EXPERIENCE

in Aguascalientes is the largest investment made in a single plant by an automotive company in Mexico and the largest single employer in the Bajío region in Mexico.

- » Provided general advice on the establishment of a manufacturing plant of brake systems and subcomponents in the State of Jalisco, including tax planning and business structuring, negotiating incentives with the state government, acquiring land, overseeing all environmental and urban development permits and licenses required for the operation, customs and foreign trade structuring, and obtaining all required permits to operate. This transaction was important because we played a significant role in the establishment of the first manufacturing plant in Mexico by this global company with operations in North America, Asia and Europe. This transaction was based in the Bajío area, which has become one of the most attractive locations in Mexico to establish automotive related investments.
- » Advised on the establishment of a manufacturing plant of elevators for heavy vehicles in the State of Guanajuato, including tax planning and business structuring, negotiating incentives with the state government, acquiring land, overseeing all urban development permits and licenses required to operate, and customs and foreign trade structuring. We also provided general legal advice and assistance in obtaining all environmental permits (land, water, air, waste) for the setup of a Mexican subsidiary Company in the Bajío region. Our advice included representation before federal, state and municipal environmental agencies, and the municipal urban development authority; advice determining environmental legislation dictating the Mexican subsidiary's particular air emissions requirements; legal advice on matters related to securing water concessions; and handling procedures before federal, state and local authorities.
- » Advised on the complete rollout compliance policies program in Mexico, including training sessions to key employees. Other similar training programs have been implemented with US and UK automotive companies operating in Mexico
- » Provided legal advice in the acquisition and construction of a large automotive component facility in the city of Lagos de Moreno, State of Jalisco (10.4 hectare).
- » Provided general legal advice to a global client for the establishment of various operations in Mexico, including a manufacturing plant of dampers in the State of Guanajuato, including structuring the operation, assisting in the negotiations for tax incentives from the state government, acquiring land, plant construction, customs and foreign trade assistance and labor and union legal advice. We have handled the day to day operations of this company, as well as other complex issues related to the restructuring of its operations in Mexico, by which the Mexican company acquired assets from the Panamanian subsidiary and reorganized their Mexican operations. In addition, we have provided advice on possible antitrust violations as well as recommendations on antitrust practices
- » Provided assistance to client during the purchase of land, construction of its manufacturing facility, compliance with environmental requirements and negotiation of incentives package offered by the state government. Our advice also included all labor, social security and immigration aspects, as well as all foreign trade and customs matters required to operate under the IMMEX regime.
- » Analyzed the client's tax and customs structure for its Mexican operations and to determine possible tax effects, particularly in connection with Value Added Tax. We reviewed procedures related to refund requests for VAT paid upon definitive imports of raw materials, parts, components and finished goods in Mexico bound for OEM manufacturers in the automotive industry. We determined the possible course of action that could be implemented in the event of a refund denial of amounts paid upon the virtual export and import operations under a "shelter structure". We also advised the client on the general tax and custom alternatives that could be implemented to avoid additional costs and risks. Finally, we liaised with a major accounting firm to follow up on the refund procedures implemented by the company and to determine possible legal remedies. We are handling a complex corporate and tax restructure of one of the client's divisions. This restructuring entails relocating 3 manufacturing plants currently located in the US to Mexico. In addition, the project includes establishing an R&D facility and a shared services operation in Mexico.



Who we are

Sánchez Devanny is a leading Mexican law firm that provides full-service legal advice both to Mexican and international clients.

More than attorney-client services

We build enduring client relationships that go beyond individual service contracts because we make every effort to understand our clients' businesses and expectations, to serve as an ally, and to provide complete, accessible and personalized advice. As a testament to these efforts, we continue to advise clients today who have trusted us with their legal matters since the firm was founded in 1996.

Experience and creativity

Throughout the firm, we take pride in serving our clients with a combined approach of experience and creativity because we recognize that when you know how things are done it is easier to think outside the box. Our partners offer a wealth of experience, including in prior roles as in-house counsels at global companies and government agencies, and key roles within international law firms.

With offices in Mexico City, Monterrey, and Querétaro, as well as several strategic alliances worldwide, the firm is well-positioned to quickly and efficiently represent and respond to clients' needs, shortening the distance between us and our clients. Our services are delivered in an efficient, professional, cost effective and timely manner, keeping always in mind that, as lawyers, we are business facilitators for our clients and must maintain a proactive and preventive approach.

Team

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Sánchez Devanny refers to Sánchez-Devanny Eseverri, S.C., a leading Mexican law firm that provides full-service legal advice both to Mexican and international clients.

This publication contains general information only and is just for informative purposes. Sánchez Devanny is not rendering legal advice or services by means of this publication. To obtain legal advice or services and before making any decision or taking any action that may affect your business you should consult a qualified professional advisor.

Sánchez Devanny provides legal services in the areas of Corporate and M&A; Corporate and Project Finance; International Trade and Customs; Real Estate, Infrastructure and Hospitality; Tax; Labor, Social Security and Immigration; Corporate Governance and Regulatory Compliance; Energy, Natural Resources and Environmental; Life Sciences; Intellectual Property, Entertainment and Sports Law; Litigation and Alternative Dispute Resolution; Antitrust; Financial Institutions and Services; Private Wealth Management and Estate Planning and Data Privacy and Information Technology to both public and private clients, especially in the automotive, retail, pharmaceutical, manufacturing, real estate and energy industries.