Mexico Signs International Centre for Settlement of Investment Disputes Convention

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On January 11, 2018, the Secretary of Economy of Mexico signed the International Centre for Settlement of Investment Disputes Convention (the ICSID Convention). Because there are concerns about the North American Free Trade Agreement (NAFTA) in both the United States (because of the possibility of termination) and Mexico (its Presidential Election is scheduled for July 2018 and a populist, nationalist candidate is seen as a possible winner), once the ICSID Convention is ratified by the Mexican government, foreign investors, which have disputes with the Mexican government because of the government's asserted actions or inactions in respect of the foreign investment, may take advantage of protections afforded them through an arbitration process contained in the ICSID Convention.

Mexico has not been a member of the ICSID Convention, although investment arbitration under NAFTA has been available to settle disputes by investors based in one of the NAFTA countries with either the U.S. government, the Canadian government and the Mexican government. If either NAFTA is terminated soon or the future President of Mexico were to take actions detrimental to foreign investors, investments by foreign companies in Mexico should be subject to legal protection from governmental actions to a greater extent after Mexico ratifies the Convention, and should make Mexico a safer, more reliable and attractive country for foreign investors. Investors in Mexico from the United States, and especially those with new investments scheduled, should review the process under ICSID for protecting their investments and operations. Contact Joe Dehner, chair of Frost Brown Todd's International Services Group, if you want to obtain assistance in protecting your investment in Mexico.