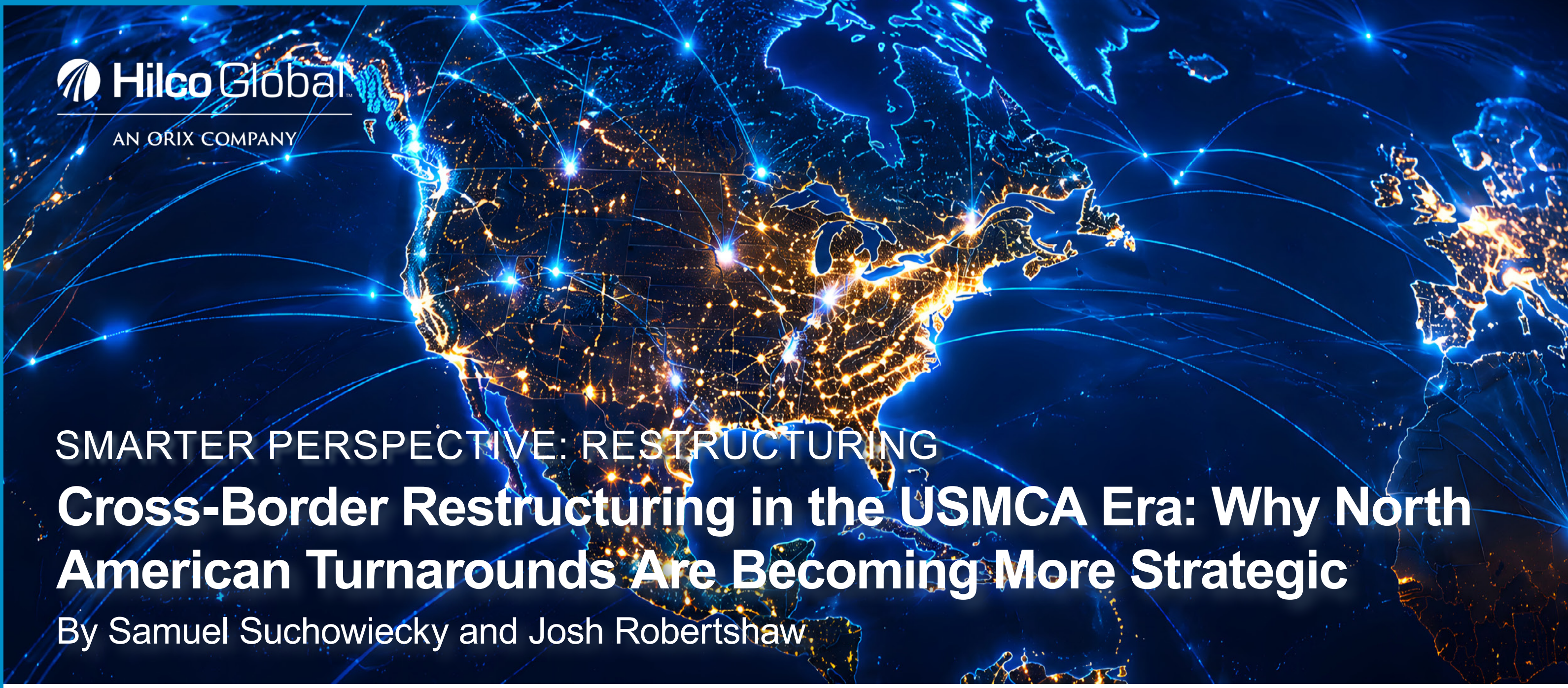

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SMARTER PERSPECTIVE: RESTRUCTURING

Cross-Border Restructuring in the USMCA Era: Why North American Turnarounds Are Becoming More Strategic

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A decade ago, a distressed manufacturer with operations in Mexico and customers in the United States could treat its restructuring as a Mexican problem with American consequences handled afterward. That sequence is breaking down. As supply chains have grown more intertwined under the USMCA, the choice of where and how to restructure has become one of the most consequential decisions a distressed company and its lenders will make.

Two recent Mexican cases make the point. Crédito Real, once one of Mexico's largest non-bank lenders, pursued a court-supervised restructuring through concurso mercantil starting in 2023 and has gone through Chapter 15 recognition in Delaware twice, most recently with a March 2026 ruling that gave full effect to its Mexican plan, including releases unavailable under standard U.S. Chapter 11. TV Azteca, Mexico's second-largest broadcaster, opened its own restructuring in March 2026 carrying roughly $600 million in U.S.-held debt tied to a yearslong New York lawsuit. Both show the same pattern: U.S. creditors expecting a Chapter 11-style process instead found themselves working within a different framework, on a different timeline, with different tools to preserve value.

Chapter 15: A Restructuring Tool Rather Than A Formality

For years, Chapter 15 of the U.S. Bankruptcy Code was treated as a procedural courtesy, extending basic comity to a foreign restructuring without much controversy. That has changed. Chapter 15 is now where some of the most consequential cross-border restructuring decisions are shaped, particularly around how much flexibility U.S. courts will give a foreign plan to deliver outcomes domestic law alone would not permit.

The clearest example is nonconsensual third-party releases, a tool practitioners rely on to clear litigation risk and reach a clean exit. After the Supreme Court's 2024 decision in Harrington v. Purdue Pharma sharply limited those releases in ordinary Chapter 11 cases, several U.S. courts have enforced them anyway when they arrived through a foreign plan recognized under Chapter 15. In Crédito Real, Delaware's bankruptcy court held in March 2025 that Purdue's limits do not extend to Chapter 15, reasoning that comity toward the Mexican court's approved plan took precedence. A federal district court affirmed on appeal in March 2026, the first appellate ruling on the question, and courts handling Brazilian restructurings such as Odebrecht and InterCement reached similar conclusions. The practical effect: a foreign plan can sometimes deliver outcomes a U.S.-only plan could not, a dynamic now under scrutiny in TV Azteca, where U.S. creditors holding roughly $600 million in claims are watching whether a Mexican plan could limit their pursuit of subsidiary guarantors already targeted in New York litigation.

Mexico's Restructuring Process Runs On Its Own Logic

Mexico's restructuring framework does not mirror Chapter 11, and creditors who wait for a Chapter 15 filing to start paying attention are often already behind. A concurso mercantil restructuring opens with a conciliation period running up to 185 days, extendable twice in 90day increments if a majority of secured lenders agree on an extension, giving the company up to a year to negotiate a turnaround before liquidation becomes mandatory. The framework also permits nonconsensual third-party releases that differ from U.S. practice, now central to how Mexican restructurings interact with American creditors once Chapter 15 is invoked. TV Azteca and Crédito Real both show why early engagement with Mexican counsel matters more than waiting for a U.S. recognition hearing: by the time a Chapter 15 petition is filed, negotiation in Mexico is often well underway, and a U.S. creditor's leverage has narrowed considerably.

A Separate Set of Considerations North of the Border

Canada presents a separate set of considerations, instructive for anyone choosing where to anchor a turnaround. Where Mexican restructurings tend to be debtor-driven and procedurally distinct from U.S. practice, Canada's Companies'Creditors Arrangement Act cross-Canada presents a separate set of considerations, instructive for anyone choosing where to anchor a turnaround. Where Mexican restructurings tend to be debtor-driven and procedurally distinct from U.S. practice, Canada's Companies'Creditors Arrangement Act operates closer to the spirit of Chapter 11, with courts known for flexibility in cross-border matters. That has made the CCAA an attractive primary venue for businesses with meaningful U.S. operations, who restructure first in Canada and then seek Chapter 15 recognition south of the border.

This divergence mirrors a broader pattern visible throughout the current USMCA review. Canada's posture has been comparatively assertive, pursuing export diversification and a harder line with Washington. Mexico's posture has been more accommodating, aligning early with U.S. positions in exchange for preserved market access. The same difference shows up in restructuring: Canadian proceedings tend toward outcomes U.S. creditors find familiar, while Mexican proceedings require creditors to adapt to a framework built on its own logic.

Nearshoring Has Raised The Stakes

Mexico's expanded role in North American manufacturing has made early restructuring planning more urgent. Tariff uncertainty tied to the USMCA review, combined with pressure on Mexico's automotive sector from U.S. tariffs and rising Chinese vehicle imports, has strained suppliers, maquiladoras, and other asset-heavy manufacturers on both sides of the border. Petrochemical producer Braskem Idesa, reported to be weighing its own restructuring options, illustrates how exposed cross-border operators have become.

Trade Pact Trajectory and Consequences

On July 1, 2026, the Free Trade Commission confirmed the parties could not reach a renewed or amended agreement by the deadline, triggering the USMCA's ten-year annual review cycle, under which the agreement staysin force but faces renegotiation each year through 2036, per the official Commission announcement and USTR's release. For nearshoring-exposed suppliers and manufacturers already under strain, this is likely to accelerate restructuring activity, since the loss of a multi-year planning horizon removes the cost certainty a sustainable turnaround requires.

Why Sequencing Now Determines How Much Value Survives

For creditors and lenders, the key strategic question in a cross-border turnaround is no longer simply whether a company is in distress. It is where the restructuring is anchored, where the assets sit, and how quickly a sale or plan can be implemented. A creditor's recovery can vary substantially depending on whether Mexico, Canada, or the United States serves as the center of main interests, and whether that determination is made before or after the creditor has positioned itself. This is also where asset disposition strategy becomes central rather than an afterthought: valuation methodology, lien perfection under local law, sale procedures, and tax treatment can each affect whether enterprise value is preserved or eroded particularly with respect to assets or inventory under a temporary import regime. Industrial, automotive, logistics, and retail-adjacent businesses, the sectors most exposed to USMCA-related tariff uncertainty, are precisely where this complexity is most likely to surface.

What Lenders And Creditors Should Now Understand

Lenders with cross-border exposure in Mexico or Canada should not wait for a distressed company to act before understanding which jurisdiction's restructuring framework will govern their recovery. That means identifying early where a borrower's center of main interests is likely to be found,understanding how local courts have treated secured creditors and releases in recent restructurings, and building credit agreements with venue and recognition issues in mind rather than as boilerplate. It also means having a clear, jurisdictionspecific view of the underlying collateral well before a turnaround conversation begins. A machinery package in central Mexico, a receivables portfolio tied to Canadian operations, or inventory in a border-region maquiladora each carries different valuation considerations depending on which framework applies. Lenders who do this work in advance, rather than scrambling once a restructuring is announced, are in a far stronger position to protect recovery.

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