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**For the labor rights and all human
rights of the maquiladora workers**



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LABOR OF LOVE?

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Maquiladora companies do not contribute as much to charities and nonprofits in the Mexican border cities where they operate as they do to similar organizations in the United States, a recent study by border charity advocates found. Some critics say what philanthropy does exist hardly makes up for the low wages the export plants pay. But maquila plant managers point to donations of time, equipment and money that benefit poor communities south of the border. In Matamoros, for example, companies operating maquiladoras give to schools, hospitals and other local projects, said Bill Wolfe, who heads operations in Matamoros and Reynosa for Nova/Link. The company provides labor and facilities to firms that want to assemble or manufacture products in Mexico.

Reynosa maquiladoras are generous with their time and money on both sides of the border, said Ed Peno, executive director of auto supplier TRW Automotive's Mexico operations. Peno is also finance manager of the Reynosa Association of Maquiladoras, a trade group of roughly 120 of the city's exporting plants. TRW contributes more than \$100,000 a year to the McAllen-Reynosa borderplex, Peno estimated. Some of that is cash, but mostly it's in goods and services like computers, food, clothes and repair work donated to schools, orphanages and aid organizations.

Maquiladora leaders prefer to contribute such "in-kind" gifts over cash donations because there is a lack of reliable charitable institutions to effectively manage donated funds, according to the report.

The report, released in February, was commissioned by the U.S.-Mexico Border Philanthropy Partnership, a group of funding and community organizations that work to increase charity for low-income communities on both sides of the U.S.-Mexico border. More than 65 percent of the companies surveyed claimed to have contributed \$10,000 or less in cash to charitable causes annually along Mexico's northern border. More than a fourth said they contributed nothing, and a little more than 9 percent said they gave more than \$10,000 annually.

Maquiladoras have found that community philanthropy helps with employee retention, especially important in Reynosa where there are more maquiladora jobs than workers to fill them. That leads to workers rotating from plant to plant, Peno said. But the company's charity has helped the firm keep employees, he said. In some circumstances, the companies that operate maquiladoras can get tax breaks for contributions that make it south of the border. Other times, U.S. companies that own the Mexican subsidiaries that run the maquiladoras can't take a tax deduction for the subsidiary's charitable giving in Mexico. For the Mexican subsidiaries themselves, that country's tax code actually discourages giving.

The companies that do give do so out of altruism, said Gregg McCumber, a managing partner with Burton McCumber & Cortez, an accounting and consulting firm with offices in Reynosa, Matamoros, Brownsville and McAllen, which services the maquiladora industry as one of its specialties.

"Most of the time that they're doing it, they're doing it for the good of the community," McCumber said. "They're doing it because they're trying to be a good corporate citizen." Not so, says Ricardo Hernández, with the American Friends Service Committee. As director of the Philadelphia-based Quaker aid organization's maquiladora worker rights program, Hernández travels to Reynosa and Matamoros about six times a year. Often, the companies use charitable contributions as a way to gain sway with local officials and stay in the communities' good graces, while ignoring the more central issue of low wages, he said.

"It doesn't address issues that are more crucial for the community," he said. "It's more for the image of the companies. They know that they are not paying enough to workers." Randy O. Main, vice president of the Reynosa Association of Maquiladoras, disputes that, saying the exporting plants pay wages competitive with other industries in Mexican border cities and aren't giving philanthropically just to get on the good side of local communities.

"That's absolutely not correct," said Main, also general manager for the Reynosa maquiladora owned by Round Lake, Minn.-based Farley's & Sathers Candy Co. Inc. The plant makes candy canes and other sweets.

Main also said that while tax breaks are available, they aren't the motive behind maquiladora philanthropy.

Average maquiladora workers in Matamoros and Reynosa earn between \$40 and \$70 a week, depending on seniority and overtime, Hernández said. That, he said, sometimes is more than workers would earn in some areas in the interior of Mexico.

Some maquiladora employees wonder why the companies that own the plants don't spend more on wages "as opposed to some charity to some orphanage," Hernández said. "The workers are the first to question those activities."

It is the low wages, however, that allow the maquiladoras to exist and provide jobs at all. A typical maquiladora operation straddles the border with Mexico, the United States' No. 2 trading partner after Canada.

Assembly and manufacturing operations take place in Mexican border cities, such as Reynosa and Matamoros, where workers are paid less than they would be in the U.S. for the same job. That keeps costs low for consumers and the U.S. and foreign companies that operate the plants.

Those companies generally have warehousing operations in U.S. cities, like McAllen and Brownsville, that make up the northern side of two-city borderplexes.

This system long has provided jobs and tax income on both sides of the border. Rio Grande Valley businesses supply the plants. Valley workers staff the warehousing operations. Maquiladoras need managers, and those higher-end employees tend to move from other states or countries to the Valley, stimulating local retail, restaurant and housing markets.

Business leaders say that for every three to 10 jobs created in Reynosa, one job is created in McAllen. And corporate charity is above and beyond the employment and tax-base benefits maquiladoras bring to Mexican border communities, Farley's & Sathers' Main said.

"You need to support the communities where your workers live," said Barry Goodrich, managing director over autoparts company Delphi Corp.'s maquiladoras in Matamoros and Reynosa. He is also president of the Association of Maquiladoras of Matamoros, which has an adopt-a-school program involving about 100 of the city's schools. Its roughly 90 member maquiladoras help with remodeling, air conditioning and electricity. The association also has a health program.



Alex Jones

Local businessmen talk with Beachmold representative Julio De La Mora, second from right, recently during a tour of the company's maquiladora.

The Reynosa Association of Maquiladoras contributes to the United Way and food banks on both sides of the border, as well as to the McAllen Boy's & Girl's Club on the U.S. side, said Kemper Morrow, association president and plant manager for the Reynosa maquiladora operation of Standard Motor Products. The company manufactures replacement parts for motor vehicles. But at least one charity on the U.S. side of the border hasn't been so lucky.

"I don't believe we receive any funding from maquiladoras locally," said Jorge Barrientos, community development director and spokesman for the South Texas Chapter of the American Red Cross.

However, he did say the organization received some monetary support from maquiladoras for Hurricane Katrina relief. Barrientos said he has asked the Reynosa Association of Maquiladoras for money.

"I've contacted them and I just don't get very much luck on them," he said. "I mostly get the runaround."

The association has to pick and choose which organizations it gives to because the McAllen-Reynosa borderplex, on which the Reynosa trade group focuses its philanthropic efforts, has more needs than the association has resources, said TRW's Peno. The association does not donate to the Red Cross every year, but it did give a large sum - at least some of which went to the Red Cross - for the relief effort after Hurricane Emily, which flooded Reynosa last year, Peno said.

"We get a lot of requests (that), unfortunately, we have to turn down," he said. "We've only got so much to donate."

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