



## Comité Fronterizo de Obrer@s CFO

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



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### Delphi Announces Plant Consolidation in Reynosa; Fires Workers Who Marched May 1st

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The transfer of two entire shifts at Delphi's plant #3 to two other nearby facilities has gripped the attention of workers at Delphi Delco Electronics in Reynosa, a Mexican border town.

Delphi workers in Reynosa have been on alert since July of this year, when management announced plans for what they're calling "a transplant — picking up the whole operation and putting it somewhere else." For Delphi's production workers, this new development only added to the concerns that erupted into protests in spring 2004 (see *Delphi workers take to the streets*).

The CFO has been conducting an intensive campaign of outreach, including training sessions with dozens of workers, to explain their rights under Mexico's labor law and to analyze the impact of what is known officially as "plant consolidation." The workers are preparing to confront possible company violations of their legal rights in the consolidation process.

Workers had already raised their concerns with plant supervisors about the harassment and firing of workers who participated in two marches — one last March and one on May Day, the international workers holiday. This concern was also communicated in writing three times to Delphi's headquarters in Troy, Michigan and Kokomo, Indiana by faith-based organizations that support the workers and own company stocks, including the American Friends Service Committee, the Mercy Consolidated Program, and the Benedictine Sisters.

Delphi denies the firings were an act of retaliation against the demonstrators, but at both marches, participants saw company guards following and videotaping them, even though the protests took place at community locations — the main municipal plaza and local union offices — that are at some distance away from plant facilities.

The workers' demands are targeting not only Delphi, but also the pro-corporate, undemocratic leadership of the CTM, the main official union body in Mexico (the initials stand for Confederación de Trabajadores Mexicanos, or Mexican Workers Confederation). In essence, the CTM functions like a company union.

In response, the rank and file has challenged union leadership at the local level, forcing it to hold open elections. Through this process, independent delegates have been democratically elected to local union bodies known as sectional committees. These independent union officers promote more democratic practices on the shop floor; along with the rank-and-file membership, they are also working toward freeing themselves from the CTM. The CTM, meanwhile, fails to genuinely represent the interests of its membership, but remains in control of administering the union contract. Today, under pressure, the CTM tries to look as if it were defending the workers' interests, saying it is negotiating the plant consolidation as best it can.

The workers have also sent letters to all U.S. unions with Delphi contracts, asking them to share the latest news from Reynosa with their union locals. The United Auto Workers has responded by formally asking Delphi to respond to the concerns of the Mexican workers.

The uncertainty on the production lines, the frustration voiced by hundreds of workers, and the formal communications from shareholders and U.S. unions have persuaded Delphi to offer some answers. During a visit to Reynosa in August 2004, a delegation of shareholders toured Delphi's plant #6, accompanied by a CFO representative, to evaluate the company's responses for themselves. A few weeks later Delphi provided additional information in writing regarding its plans, commenting on how it would address the workers' concerns.

The crux of the matter is how the workers will be affected by the plant consolidation. Workers from both shifts at plant #3 have been offered the opportunity to move to plants #5 and #6, with no change in job assignment, seniority, benefits, or wages. In addition, the second shift's 580 workers will be offered an extra cash bonus of 10,000 pesos (US \$885) because their new shift, the so-called "ninth" shift, will change.

Even so, the plant consolidation will result in a net reduction in take-home pay, due to the loss of overtime. Currently, the second shift works four nights of 12.5 hours each; because overtime pay is required under Mexican law for workdays longer than 10 hours, this yields more income than the new schedule, with five days of nine hours each. Delphi will add a shift differential of 20 pesos per week, but the workers will still lose pay.

Another negative impact will result from the greater distance; plant #3 is more than 10 km (6 miles) from plants #5 and #6. Because of traffic and bus transfers, for some workers the move will add an extra hour each way of travel time. (Company information states that the average increase will be 15 minutes.) The extra buses will also increase the workers' out-of-pocket expenses, resulting in a loss of another 10 percent of their already meager wages. The bottom line is that the consolidation will entail lower wages for many workers. The \$885 cash bonus will only compensate for loss in wages during the first year.

Delphi is offering two options to the workers: (1) to transfer voluntarily without loss of seniority or benefits, or (2) to accept a severance package with rehiring rights. As usual, the devil is in the details. For example, Delphi will offer severance payments as required by Mexican law, paying 90 days' wages (article 48 of the labor code) plus 20 additional days for each year of work completed plus a seniority premium made up of 12 days pay per year worked. In reality, however, the maquiladoras often look for ways to avoid paying the full amount of severance, and the workers want to make sure Delphi is calculating their payments correctly.

Depending on the situation of each individual, other payments may also be included, such as a vacation premium for workers who have not taken their allotted vacation time, a portion of the annual Christmas bonus, or a portion of the annual profit-sharing payment that Mexican companies are supposed to distribute. The calculations of these items not only vary from worker to worker, they can also change significantly depending on specific union contracts, which may stipulate payments either above or below what it is required by Mexico's Federal Labor Law.

Some workers have misunderstood the transfer, which the company calls a "consolidation plan," as a "readjustment of personnel." If this were the case, a separate clause of the labor code would apply, resulting in an extra month of severance. However, Delphi skillfully framed the consolidation so that it is not legally reducing its workforce. In other words, Delphi can maintain it is not laying people off, which allows it to sign individual termination agreements with each employee. The corporate plan is that the workers will accept their termination (and the resulting severance package) of their own free will, with the understanding that he or she has voluntarily refused the job offered in plants #5 and #6.

Through their sustained pressure on both Delphi and the CTM, the workers have already won a partial victory, in that the company has not been imposing its decisions arbitrarily, as often happens in maquiladoras where the workers are unaware of their legal rights or have not been organized by the CFO. Lately, Delphi has been improving internal communications with its workforce. It has also tried to ease some problems affecting the workers, such as negotiating with the local bus lines to provide increased service to plants #5 and #6.

Nonetheless, the most crucial issues for the workers, such as the loss of purchasing power or the intimidation of those pressing for union democratization — or even independent unions — have not been addressed. These issues will remain in the forefront for the Delphi workforce and the CFO.

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