Foreign Labor Trends: Mexico

U.S. Department of Labor

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Foreign Labor Trends: Mexico

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Comments
Foreign Labor Trends

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>KEY LABOR INDICATORS</td>
<td>1</td>
</tr>
<tr>
<td>SUMMARY</td>
<td>3</td>
</tr>
<tr>
<td>DESCRIPTION OF LABOR SECTOR</td>
<td>4</td>
</tr>
<tr>
<td>Government</td>
<td>4</td>
</tr>
<tr>
<td>Employers Organizations</td>
<td>4</td>
</tr>
<tr>
<td>Trade Unions</td>
<td>5</td>
</tr>
<tr>
<td>ECONOMIC GROWTH AND EMPLOYMENT</td>
<td>7</td>
</tr>
<tr>
<td>INVESTMENT</td>
<td>8</td>
</tr>
<tr>
<td>SOCIAL SECURITY</td>
<td>8</td>
</tr>
<tr>
<td>LABOR LAW REFORM</td>
<td>9</td>
</tr>
<tr>
<td>MEXICAN LABOR LAW</td>
<td>9</td>
</tr>
<tr>
<td>LABOR CONDITIONS IN EXPORT PROCESSING ZONES</td>
<td>13</td>
</tr>
<tr>
<td>NORTH AMERICAN AGREEMENT ON LABOR COOPERATION</td>
<td>14</td>
</tr>
<tr>
<td>Overview</td>
<td>14</td>
</tr>
<tr>
<td>CURRENT/Ongoing Submissions</td>
<td>15</td>
</tr>
<tr>
<td>Cooperative Activities (2000-2001)</td>
<td>17</td>
</tr>
<tr>
<td>DIRECTORY OF LABOR ORGANIZATIONS</td>
<td>20</td>
</tr>
<tr>
<td>SOURCES OF KEY LABOR INDICATORS</td>
<td>38</td>
</tr>
</tbody>
</table>
## KEY LABOR INDICATORS

### Mexico 2002

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>1999</th>
<th>2001</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Per capita GDP current prices (US$)(^1)</td>
<td>4,892</td>
<td>5,798</td>
<td>18.5</td>
</tr>
<tr>
<td>2. —, (pesos)</td>
<td>46,773</td>
<td>56,653</td>
<td>21.1</td>
</tr>
<tr>
<td>3. —, in agriculture (%)</td>
<td>5</td>
<td>5</td>
<td>0.0</td>
</tr>
<tr>
<td>4. —, in industry (%)</td>
<td>29</td>
<td>27</td>
<td>-6.9</td>
</tr>
<tr>
<td>5. —, in services (%)</td>
<td>66</td>
<td>68</td>
<td>3.0</td>
</tr>
<tr>
<td>6. Population, total (millions, est.)</td>
<td>97.4</td>
<td>99.0</td>
<td>1.6</td>
</tr>
<tr>
<td>7. —, major ethnic groups (%)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mestizo</td>
<td>60.0</td>
<td>60.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Amerindian</td>
<td>30.0</td>
<td>30.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Caucasian</td>
<td>9.0</td>
<td>9.0</td>
<td>0.0</td>
</tr>
<tr>
<td>8. —, in major urban areas (millions)</td>
<td>47.3</td>
<td>45.9</td>
<td>-3.0</td>
</tr>
<tr>
<td>9. Birth rate (per thousand population)</td>
<td>22.5</td>
<td>22.8</td>
<td>1.3</td>
</tr>
<tr>
<td>10. Life expectancy at birth, total</td>
<td>71.49</td>
<td>71.76</td>
<td>0.4</td>
</tr>
<tr>
<td>11. —, male</td>
<td>68.47</td>
<td>68.73</td>
<td>0.4</td>
</tr>
<tr>
<td>12. —, female</td>
<td>74.66</td>
<td>74.93</td>
<td>0.4</td>
</tr>
<tr>
<td>13. Adult literacy rate (%)</td>
<td>89.6</td>
<td>89.6</td>
<td>0.0</td>
</tr>
<tr>
<td>14. Labor force, civilian, total (millions)</td>
<td>39.7</td>
<td>42.2</td>
<td>6.3</td>
</tr>
<tr>
<td>15. —, male</td>
<td>26.4</td>
<td>31.3</td>
<td>18.6</td>
</tr>
<tr>
<td>16. —, female</td>
<td>13.3</td>
<td>10.9</td>
<td>-18.0</td>
</tr>
<tr>
<td>17. Employment, civilian, total (millions)</td>
<td>40.7</td>
<td>39.8</td>
<td>-2.2</td>
</tr>
<tr>
<td>18. —, in industry (millions)(^2)</td>
<td>9.5</td>
<td>11.8</td>
<td>24.2</td>
</tr>
<tr>
<td>19. —, in export processing or special economic zones (millions)</td>
<td>1.14</td>
<td>1.22</td>
<td>7.0</td>
</tr>
<tr>
<td>20. —, in agriculture (millions)(^3)</td>
<td>8.2</td>
<td>5.34</td>
<td>-34.9</td>
</tr>
<tr>
<td>21. —, in services (millions)(^4)</td>
<td>21.9</td>
<td>19.06</td>
<td>-13.0</td>
</tr>
<tr>
<td>22. Unemployment rate (%)(^5)</td>
<td>2.5</td>
<td>2.4</td>
<td>-4.0</td>
</tr>
</tbody>
</table>

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\(^1\) Figures provided in Mexican pesos (MP) and converted to US$ using the 2001 exchange rate and divided by total population.

\(^2\) Of the working population, 29.6 percent is employed in the industry sector.

\(^3\) U.S. Embassy states that there is insufficient data and that the number appears to be too low.

\(^4\) Of the working population, 47.9 percent is employed in services.

\(^5\) Figure is an average of unemployment in 48 urban areas.
## Mexico 2002

<table>
<thead>
<tr>
<th>INDICATOR</th>
<th>1999</th>
<th>2001</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>23. Underemployment rate (%)(^6)</td>
<td>6.1</td>
<td>5.7</td>
<td>-6.6</td>
</tr>
<tr>
<td>24. Labor productivity, manufacturing (%)</td>
<td>1.8</td>
<td>0.93</td>
<td>-48.3</td>
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<tr>
<td>25. Work-related accidents and illnesses (000)(^7)</td>
<td>15.9</td>
<td>20.9</td>
<td>31.4</td>
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<tr>
<td>26. Days lost from industrial disputes (000)</td>
<td>1,191.33</td>
<td>919.46</td>
<td>-22.8</td>
</tr>
<tr>
<td>27. Daily Minimum wage rate (pesos)</td>
<td>31.91</td>
<td>37.57</td>
<td>17.7</td>
</tr>
<tr>
<td>28. —, (US$)</td>
<td>3.34</td>
<td>3.84</td>
<td>15.0</td>
</tr>
<tr>
<td>29. Average daily earnings by major industry (US$)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>—, manufacturing</td>
<td>25.46</td>
<td>33.74</td>
<td>32.5</td>
</tr>
<tr>
<td>—, export processing (maquiladoras)</td>
<td>15.97</td>
<td>20.92</td>
<td>31.0</td>
</tr>
<tr>
<td>—, formal construction</td>
<td>9.18</td>
<td>11.06</td>
<td>20.5</td>
</tr>
<tr>
<td>30. Hourly compensation costs for production workers in manufacturing (US$)</td>
<td>2.12</td>
<td>2.20</td>
<td>3.8</td>
</tr>
<tr>
<td>31. —, (pesos)</td>
<td>20.24</td>
<td>21.49</td>
<td>6.2</td>
</tr>
<tr>
<td>32. Average daily earnings for laborers (US$)</td>
<td>13.47</td>
<td>11.75</td>
<td>-12.8</td>
</tr>
<tr>
<td>33. —, clerical</td>
<td>9.54</td>
<td>n/a</td>
<td>~</td>
</tr>
<tr>
<td>34. —, mechanic</td>
<td>20.24</td>
<td>24.49</td>
<td>21.0</td>
</tr>
<tr>
<td>35. —, commercial assistant</td>
<td>45.53</td>
<td>34.41</td>
<td>-24.4</td>
</tr>
<tr>
<td>36. Supplementary benefits as % of manufacturing earnings(^8)</td>
<td>127.92</td>
<td>n/a</td>
<td>~</td>
</tr>
<tr>
<td>37. Average hours worked per week</td>
<td>45.9</td>
<td>44.6</td>
<td>-2.8</td>
</tr>
<tr>
<td>38. Unionization of labor (% est.)(^9)</td>
<td>25.0</td>
<td>20.0</td>
<td>-20.0</td>
</tr>
<tr>
<td>39. Average personal income per year (US$)</td>
<td>n/a</td>
<td>n/a</td>
<td>~</td>
</tr>
<tr>
<td>40. Average disposable income after taxes and withholding (US$)</td>
<td>n/a</td>
<td>n/a</td>
<td>~</td>
</tr>
<tr>
<td>41. Percent of population beneath poverty level(^10)</td>
<td>41.0</td>
<td>40.8</td>
<td>-0.5</td>
</tr>
<tr>
<td>42. Consumer price index (%)</td>
<td>12.32</td>
<td>6.4</td>
<td>-48.1</td>
</tr>
</tbody>
</table>

n/a = not available


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\(^6\) Rates given are percentage of unemployed plus percentage of the Mexican labor force who work less than 15 hours per week.

\(^7\) This is the most recent data available through July 2001.

\(^8\) Supplementary benefits are those payments made by the employer in addition to the base wage. In Mexico, these benefits typically include social security, health benefits, and housing benefits, and may also include profit sharing.

\(^9\) U.S. Embassy estimate.

\(^10\) Poverty is a salary of three times the minimum wage or less per day.
SUMMARY

Over the last 20 years, Mexico has undergone profound changes, from a closed, import-substitution economy to become part of the open, market economy. This culminated in Organization for Economic Cooperation and Development (OECD) membership and the entry into the North American Free Trade Agreement (NAFTA) in 1994. Mexico is in the midst of a similarly dramatic political change. From a political system dominated by the Institutional Revolutionary Party (PRI) for more than 70 years with strong worker and peasant sectors and featuring leftist, nationalist, often anti-American rhetoric, Mexico has developed an increasingly transparent multi-party and democratic system and a closer relationship with the United States. This trend is marked by the PRI loss of its majority in the lower house of Congress in the July 1997 elections and the Presidency in July 2000.

Of the over 40 million in the economically active population (above the age of 12, as defined by the Government), about 39 percent are employed in the formal sector. These positions are covered by social security and related programs funded through employer and smaller worker contributions (medical care, a small pension, an IRA-like compulsory retirement savings plan, and a housing loan fund linked to it). In 1997, the pension portion of social security was combined with the retirement savings and housing funds into an individualized thrift savings and pension plan known as AFORES. Formal sector workers also receive profit sharing. Another 20 percent of the economically active population work in tiny enterprises of the semi-informal sector, where few are covered by social security. Most of the remaining 40 plus percent are marginally under- or self-employed in the informal sector.

According to the Government’s statistical institute (INEGI), urban unemployment averaged 2.4 percent during 2001. However, formal unemployment figures are misleadingly low because many of the employed are working in the informal sector. As former top labor leader Fidel Velazquez Sanchez used to remark, "no one can afford to be unemployed because there is no unemployment insurance." A figure more realistic than the open urban unemployment rate is the combined rate of unemployed and those working less than 15 hours a week, which averaged 5.7 percent in 2001.

In relative terms, Mexico is highly unionized--about 20 percent of the economically active population and roughly 50 percent of the work force in the formal sector. Most, but not all, unions are in labor confederations traditionally allied with the PRI. By far, the largest central is the Confederation of Mexican Workers (CTM), which for decades has been recognized as spokesman for the labor sector. A new labor central, the National Union of Workers (UNT), composed of 160 independent labor federations and unions and claiming 1.5 million members, was established in November 1997. A prominent feature of the UNT is that it does not seek affiliation with any political party, although it has formed a political action movement to support parties and candidates who champion workers’ causes.

The traditional centrals have long sacrificed freedom of action to gain political influence and position. However, the importance of political influence to workers has declined as the economy has decentralized and privatized. Now, unions must obtain more for workers through enterprise collective bargaining and less through influence with government. Indeed, facing NAFTA and other international competition, workers, their unions, and employers are finding it increasingly necessary to work together to improve productivity, competitiveness and quality if companies and jobs are to survive and profits and wages are to increase.

Mexico has comprehensive, progressive labor legislation. Its Constitution and laws provide extensive rights and protections for labor and favor union organization. Mexico has ratified 78
International Labor Organization (ILO) Conventions since 1931, of which 68 are currently in force. However, there are many enforcement problems, and the legal protections for union organization also can unintentionally protect and facilitate labor racketeering, sweetheart or protection contracts, and undemocratic practices in many unions. These practices have been fairly widespread, but not universal. The CTM has recognized the need to address corrupt practices, and the UNT and the Employers Confederation of the Republic of Mexico (COPARMEX) have agreed to promote changes that would lead to the elimination of protection contracts and other corrupt labor practices. Nevertheless, such contracts are still prevalent, with respected business organizations estimating that more than 50 percent of all labor contracts are of this type. Labor cooperative activities held under the North American Agreement on Labor Cooperation (NAALC), NAFTA’s labor side agreement, are helping all three member countries address labor law enforcement issues.

The NAALC is one of the few international agreements linking labor standards and trade. It enables unions or non-governmental organizations (NGOs) in one NAFTA country to raise allegations that the government of another country, party to the agreement, is failing to implement its legislation protecting worker rights. As of December 2001, U.S. unions and/or NGOs had presented 14 submissions against Mexico, while 6 submissions were filed with the Mexican NAO against the United States. Canada has received one submission against Mexico. Most submissions filed against Mexico alleged that multinational corporations violated, and the Mexican Government failed to enforce, legal protections of freedom of association, the right to organize and bargain collectively, and/or occupational safety and health.

DESCRIPTION OF LABOR SECTOR

Government

The Ministry of Labor and Social Welfare (STPS) is the lead Mexican government agency on labor issues. Lic. Carlos Abascal Carranza has held the position of Minister of Labor and Social Welfare since August 2000. STPS monitors compliance with and implementation of the Constitution and the Federal Labor Law (FLL) and its regulations. It is empowered to deal with employment and social protections of workers, conditions of employment, and labor relations. The Ministry organizes and promotes on-the-job and job-related training. It also conducts general statistics on labor affairs. In addition, STPS frames social security policy and coordinates social security services of the federal public administration.

The Coordinatorship General of International Affairs (CGAI) of STPS manages the responsibilities associated with Mexico’s participation in the International Labor Organization (ILO) and other multilateral organizations, such as the Organization for Economic Cooperation and Development (OECD) and the Asia Pacific Economic Cooperation (APEC) forum on labor and social issues. The National Administrative Office (NAO) under the CGAI is charged with implementing the North American Agreement on Labor Cooperation (NAALC). Mexico also is an active participant in the Inter-American Conference of Ministers of Labor and in the negotiations for the Free Trade of the Americas.

Employers Organizations

The Business Coordinating Council (CCE) is a voluntary umbrella organization representing employers in Mexico. It coordinates the activities of the employers organizations and formulates policy perspectives reflecting the common interests and preferences of the Mexican business community. It was founded in 1976, principally by the Mexican Council of
Businessmen (CMHN) – a small group of Mexico's largest businesses. Besides CMHN, the following employers' organizations are members of the CCE: COPARMEX, the Confederation of Industrial Chambers of Commerce of the United Mexican States (CONCAMIN), the Confederation of the National Chambers of Commerce (CONCANACO), the Mexican Association of Insurance Institutions (AMIS), the Agricultural National Council (CNA), and the Mexican Bankers Association (ABM).

COPARMEX was founded in 1929. It seeks to represent its over 36,000 business owner-members in regard to labor and social issues. COPARMEX influences national labor and economic policies through its participation, along with government and labor representatives, in the federal and local conciliation and arbitration boards, the National Minimum Wages Commission (CNSM), and the National Commission for Workers' Participation in Company Profits.

Founded in 1918, CONCAMIN currently represents 33 chambers and 15 associations. The confederation provides training and information to its members from Mexico's various industries and seeks to promote their interests on relevant policy issues. Upon request of the Government or its members, CONCAMIN may become involved in arbitrating labor disputes.

**Trade Unions**

Approximately 20 percent of the Mexican work force is organized in trade unions, with an effective unionization rate nearly twice as high. Slightly more than one-third of the work force are employed in the formal private economy or public sector and are therefore accessible to union organization. Some informal sector groups also are organized in the labor movement. Most unions belong to federations and confederations.

The largest Mexican labor organization is the CTM, which forms part of the worker sector of the PRI. The union is headed by Secretary General Leonardo Rodríguez Alcaine. It claims to have 5.5 million members, but most realistic estimates are in the neighborhood of 4 to 4.5 million. Members include the federal district federation (roughly two million workers) and its branches operating in other states, state federations, powerful national unions, and about 10,000 smaller unions. The smaller unions are mostly one per establishment, many of which are genuine and effective, but some are paper organizations of individual extortionists who sign contracts with employers, often without the workers' knowledge. In a multi-point accord with the AFL-CIO in 1998, the CTM made a commitment to eliminate "paper" unions. The CTM also voted a few years ago to purify its ranks, prohibiting leaders from leading more than one union and establishing term limits: two three-year terms for union secretaries general.

The CTM is one of two Mexican union members of the OECD Trade Union Advisory Committee (TUAC), the other being the Federation of Goods and Services Companies (FESEBS). It is a member of the International Confederation of Free Trade Unions (ICFTU) and its Inter-American Regional Workers' Organization (ORIT). The CTM and the AFL-CIO long enjoyed excellent relations, until they wound up on opposite sides of the NAFTA debate. The CTM saw NAFTA as the Mexican worker's only immediate hope for a future with more jobs and better pay. The AFL-CIO, on the other hand, saw NAFTA as a threat to American jobs. An effort at rapprochement followed the January 1998 visit to Mexico by AFL-CIO president John Sweeney and culminated ten months later in the signing of an accord on cross-border cooperation between the two labor confederations. Relations between the two, while cordial, have never returned to their pre-NAFTA level.
The Revolutionary Workers and Peasants Confederation (CROC) is the major private sector rival of the CTM and is also allied to the PRI's worker sector. Mr. Alberto Juárez Blancas serves as the CROC's Secretary General. CROC is generally conceded to have 1 to 1.5 million members, but it claims between 2 to 4 million, including roughly one million informal sector workers in its ranks. The CROC has a stalwart hotel and restaurant union, as well as relatively strong unions in the construction, transport, textile and beverage industries. Its strength is concentrated in certain regions, such as Guadalajara, Cancun, Mexico City and the hotels of Manzanillo, Puebla, Veracruz and Tlaxcala.

The Regional Mexican Workers Confederation (CROM) is a third significant private sector central, which is allied to the PRI's worker sector. It represents approximately 400,000 members, although it claims one million. The CROM unions tend to be in older industries, such as in textiles and construction, and are strong in many local areas. However, it lost its Tijuana branch to the CROC due to personal rivalries between its leader and national CROM Secretary General Ignacio Cuauhtémoc Paleta.

The Federation of Unions of Workers in the Service of the State (FSTSE) is second in strength only to the CTM. This public sector union represents about 1.5 million members. With the exception of "empleados de confianza," all federal government employees are members of FSTSE unions. Notwithstanding, the Mexican Supreme Court ruled in May 1999 that more than one union can represent workers at each federal secretariat or agency, but under the Mexican judicial system, a decision is not considered to set precedent until five similar rulings have been issued by the Supreme Court. Most FSTSE unions are tied to the PRI's popular sector (CNOP), not its worker sector.

The National Education Workers' Union (SNTE) is an affiliate of FSTSE, but for only 750,000 to 800,000 of its 1 to 1.2 million members. The remaining members teach for state governments or for the many preparatory schools of the National Autonomous University (UNAM). The SNTE also is directly affiliated with the CT. However, the SNTE's former Secretary General Elba Esther Gordillo severed SNTE's ties to the PRI, freeing the various party factions within SNTE to cooperate openly with their respective parties. Considering the decentralized manner in which the teachers' union is run and the number of factions that have developed, it was no surprise that the SNTE National Congress in April 2000 was tumultuous.

The Labor Congress (CT) is a coordinating and research body of 33 trade union confederations, federations, and national unions, which represent approximately 75 percent of Mexico's organized workers. CTM Secretary General Leonardo Rodríguez Alcaine currently is serving as President of the Labor Congress. Seventeen members are allied with the PRI, including the CTM, the CROC, and the CROM. Another PRI-allied confederation is the Worker and Peasant Confederation (CTC), with 200,000 members. The CTC is strong in the state of Mexico, where it competes with the CTM. The Revolutionary Workers' Confederation (COR) has roughly 50,000 members but has more of a militant leftist aura and history than most PRI-allied labor organizations. It has lost important sectors of its former membership to the CROC. The CT also includes 16 independent national unions, of which the largest and strongest is the SNTE. Other independent unions participating in the CT include the State and Municipal Government Employee Federation (110,000 members), the National Mine and Metal Workers Union (80,000 members), and the National Railroad Workers Union (46,000 active and 54,000 retired members).

The National Union of Workers (UNT) was created in November 1997 as an alternative to the CT. The UNT does not seek affiliation with any political party, although it has formed a political action movement to support parties and candidates who champion workers' causes. Francisco Hernandez Juarez, Francisco Rocha, and Agustin Rodriguez serve as co-Presidents of the UNT. The labor central is composed of 160 independent labor federations and unions and represents...
1.5 million members. Members include FESEBS, the Union of Telephone Workers of Mexico (STRM), and the Union of Metal, Steel, Iron, and Allied Workers (STIHMACS). The Authentic Labor Front (FAT) also belongs to the UNT, although it is more a social movement than a labor organization. It claims 18,000 members in unions and another 40,000 in slum or neighborhood associations, credit unions, and other organizations. It is politically independent, but most of its leaders sympathize with the opposition Party of the Democratic Revolution (PRD). The FAT and many members of its collective leadership, particularly Bertha Lujan and her husband, labor lawyer Arturo Alcalde, worked closely with the AFL-CIO during the campaign against NAFTA.

Mexico has other small labor federations and independent unions, not affiliated with either the CT or the UNT. The strongest of these federations is the National Federation of Independent Unions (FNSI) with about 300,000 workers. Another group is the far left Proletarian Independent Movement (MPI), which claims about 200,000 workers. MPI is centered on the former Mexico City "Route 100" (Ruta 100) public bus company union, which turned itself into a cooperative to operate two of the 11 privatized bus enterprises replacing Ruta 100.

The internal union democracy and transparency picture in Mexico is very mixed. Some unions operate very democratically, but authoritarian and strong-arm tactics are common in many others. Also common are vociferous protests in the press by dissidents alleging such practices even where they do not exist. There are many allegations of local instances of union corruption in abuse of the pro-union provisions in the FLL, sometimes frustrating true union organizing efforts--either company payoffs to local union leaders to sign sweetheart contracts and assure cheap labor peace or extortion by local "labor leaders" to force such an arrangement. These corrupt leaders may be independent company union organizers or unions nominally affiliated to a mainstream confederation. There are enough such allegations to suggest that such abuses do occur. They are neither encouraged nor sanctioned by the federal government or major confederations.

**ECONOMIC GROWTH AND EMPLOYMENT**

In 2001, Mexico found itself in the midst of an economic downturn. While anticipating a 4.5 percent growth of the real gross domestic product (GDP), Mexico actually experienced a 0.3 percent contraction. Of the more than 800,000 jobs created in 2000, 382,600 of them were lost last year. In part, the downturn can be attributed to a decrease in the exports to the United States, the largest importer of Mexican goods. Economic growth had been sustained up to the cataclysmic events of September 11th. A strong peso and rising wages has also been said to be affecting the competitiveness of Mexican goods on the world market. In a recent statement, Alan Greenspan, Chairman of the U.S. Federal Reserve, declared the Mexican economy to be in the process of recovery, and the Government of Mexico projects a 1.7 percent economic growth rate in 2002.

Since February 2001, industrial activity in Mexico has decreased. In January 2002, Mexican industrial activity was 3.5 percent lower than it had been during the same month the previous year, and in February 2002, it dropped 1.8 percent from the preceding February level. Manufacturing appears to be one of the hardest hit sectors, experiencing a contraction of 18.5 percent in the in-bond export industry from January 2001 to January 2002 and a 17.5 percent decline from February 2001 to February 2002. Industrial activity in construction also dropped. The electricity, water, and gas sector is the only industry to show a continuous increase in activity, registering growths of 1.7 percent from January 2001 to January 2002 and 2.4 percent from February 2001 to February 2002.
In Mexico, the general unemployment rate is determined by measuring unemployment in 48 urban areas. In 2001, this urban unemployment rate averaged 2.4 percent, increasing to 3.0 percent in January 2002. The urban jobless rate equaled 2.7 percent and 2.8 percent in February and March 2002 respectively. These formal unemployment figures are misleadingly low because they do not take into account the informal sector. A more realistic figure is the combined rate of the unemployed and those working less than 15 hours a week, which averaged 5.7 percent in 2001. However, the declining ability of the economy to create enough jobs to absorb new entrants into the job market each year will continue to hold down wage increases and increase the tendency to migrate to the United States.

INVESTMENT

Mexico is open to foreign direct investment (FDI) in most economic sectors, although the production of petroleum, petrochemicals, nuclear energy, and electric power generation are reserved solely for the Government. In addition, the Government of Mexico recorded its intent in the NAFTA to restrict certain industries to Mexican nationals: retail sales of gasoline and liquid petroleum gas; non-cable radio and television services; credit unions, savings and loans institutions, and development banks; certain professional and technical services; and non-rail land transportation within Mexico of passengers and freight, except for messenger or package delivery services.

Under the NAFTA, U.S. and Canadian investors receive national and most-favored-nation treatment in setting up operations or acquiring firms. U.S. and Canadian businesses also have the right to international arbitration and the right to transfer funds without restriction. The NAFTA also eliminated performance requirements for most foreign investment projects and liberalized criteria for automatic approval of FDI. Approximately 95 percent of foreign investment transactions do not require government approval.

In 2001, Mexico received US$24.7 billion in FDI. The United States is the largest foreign investor, accounting for US$20.4 billion (82.5 percent) of Mexico's total FDI in 2001. The European Union contributed US$2.8 billion (11.1 percent) and Canada committed US$866 million (3.5 percent).

Approximately 74 percent of the FDI was new investments, with 14.5 percent being a reinvestment of profits. Roughly 8.8 percent was imports of fixed assets, and company bank transfers accounted for 2.3 percent. The financial services sector received 58.3 percent of the foreign investment and the manufacturing industry 18.4 percent. Twelve percent of FDI went to the transportation and communication sector, while services and trade accounted for 7.1 percent and 3.8 percent respectively.

SOCIAL SECURITY

Employers and employees contribute to a national social security system. The Mexican Social Security Institute (IMSS) covers the private sector. The Institute of Security and Social Services of Government Workers (ISSSTE) covers government employees. The state oil company, PEMEX, covers petroleum workers. Approximately 17 million workers are enrolled in these systems: nearly 15 million in IMSS, 2 million in ISSSTE, and about 100,000 in PEMEX. The three systems provide full medical care in their hospitals and clinics, cash sickness benefits, a very modest old age pension (minimum wage in the case of IMSS), long-term disability
insurance, survivors benefits, pensions, funeral grants, and maternity benefits (leave of 6 weeks before and 6 weeks after childbirth).

Employer contributions to IMSS for health care, workers' compensation, and disability insurance vary with their experience ratings for occupational safety and health, but total IMSS contributions generally equal about 21 percent of the employee's basic integrated salary, which includes Christmas and vacation bonuses. The worker also contributes 3.125 percent of his/her earnings for health care, and the Government pays 0.625 percent of payroll. Additionally, the IMSS collects employer and worker contributions for the workers' housing fund (INFONAVIT) and the retirement savings system (SAR). Employers contribute 5 percent for INFONAVIT and 2 percent for the SAR, which was initiated in 1992. A private pension (thrift savings) plan called an AFORE went into effect in 1997. As of 1999, about 98 percent of the eligible workers were enrolled in one of the several plans.

When the SAR system was established, INFONAVIT underwent major changes and continues to be reviewed to determine its long run viability. Under the new system, contributions are deposited into individual employee accounts, which are held in conjunction with the SAR accounts. Employees may obtain low-interest loans or withdraw funds for the construction or purchase of a home or improvements. After 10 years of contributions, workers are able to withdraw funds for any purchase. Unfortunately, INFONAVIT cannot begin to keep up with the demand for low-cost worker housing.

Legal and social security benefits are usually supplemented by contract provisions for much larger Christmas bonuses, extra vacation pay, anti-absenteeism bonuses, savings contributions and consumption coupons, and sometimes by employer payment of workers' taxes and social security and other additional benefits. Employer costs for benefits run from over 30 percent at marginal enterprises paying the legal minimum benefits to over 100 (up to 140) percent at major manufacturing companies and other firms with good union contracts.

LABOR LAW REFORM

Despite the fact that labor law reform eluded three previous Mexican administrations, President Vicente Fox made it one of his 20 commitments to the Mexican people during his presidential campaign. In its National Labor Policy Program for 2001-2006, STPS affirms that the underlying purpose of the reform is to "promote a new labor culture in Mexico based on dialogue, reconciliation and unity between labor, employers, and government officials in search of competitiveness and profitability in Mexico's productive centers." Employer organizations have long urged labor law reform to require secret strike votes, end union power over hiring and firing, prohibit union officials from running for political office, and allow employers greater workplace flexibility. By and large, unions have reacted with suspicion, making impassioned statements that they will not give up constitutionally guaranteed rights. Labor Secretary Abascal has convened a blue ribbon panel of labor and management representatives to review the labor law and propose changes. The Fox Administration is optimistic that it will have a package of draft legislation to introduce to the Congress in 2002, although media reports indicate that such legislation will contain only partial reforms.

MEXICAN LABOR LAW

Article 123 of the Mexican Constitution, reproduced in the FLL, applies in both federal and state jurisdictions. The STPS, as well as the tripartite Federal Conciliation and Arbitration Board
(JFCA) and its special sectoral or regional panels, implement the law in federal jurisdiction. State labor secretariats and the State Conciliation and Arbitration Boards (JFCA) implement it in state jurisdictions. Enterprises in more than one state or in certain sectors fall under federal jurisdiction; the rest are in state jurisdictions. The federal jurisdiction sector encompasses autos and parts, beverages (bottled or canned), cement, chemicals, electricity, vegetable fats and oils, food (packed, canned or packaged), glass and bottles, metals, mining, movies, paper and cellulose, petroleum, petrochemicals, pharmaceuticals, railroads, rubber, sugar, textiles, tobacco and its products, and wood products (including sawdust, plywood, and particle board). Although jurisdictional lines exist, STPS signed agreements in 1998 and 1999 with each of the states' labor authorities to ensure that labor inspectors follow the same guidelines in applying the FLL. The Federal Prosecutor for the Defense of Workers (PROFEDET) also signed cooperation/coordination agreements with its state counterparts in 1999.

The Constitution and FLL guarantee workers the right to form and join trade unions of their choosing. No prior approval is needed to form trade unions, federations, or confederations, but they must register with federal or state labor authorities to obtain legal status to function effectively. Only basic information about the union need be provided to register a union, and in 1999, STPS took steps to make union registration available on the Internet. In the past, there were allegations that federal or state labor authorities occasionally withheld or delayed registration of unions considered disruptive to government policies, employers, or established unions. Federal labor authorities are taking steps to remedy this problem. In 2001, 46 new unions were registered. Approximately 50 percent of those are independent unions, not tied to the traditional party aligned centrals.

Federal government employees are covered by a separate section of the Mexican labor law ("apartado B"), which is much more restrictive and repeatedly has been found to contravene ILO Convention No. 87 on freedom of association. Until a Supreme Court decision in May 1999, only one union was allowed in each government agency. The labor law does not permit re-election of union officers, and trade unionists are prohibited from leaving the union of which they are members. The Government Secretariat (i.e. Ministry of the Interior), rather than STPS, oversees federal employee labor relations, as an employer rather than a third party. Federal employees also fall under a separate conciliation and arbitration board (TFCA), instead of the JFCA.

The Constitution and FLL strongly uphold the right to organize and bargain collectively. Only a small showing of interest by employees or the filing of a strike notice by a union compels an employer to recognize the union and negotiate a collective bargaining agreement or to ask the conciliation and arbitration board to conduct a union recognition election. Union representation elections are traditionally open, with votes recorded by name. Management and the competing trade union officials are with the presiding conciliation and arbitration board official when each worker declares his/her vote. Open "recounts" are a prevailing practice but are not required by law. Secret ballot elections may be held if all parties agree, and under the ministerial agreement for U.S. NAO Submission Nos. 9702 and 9703, the Government of Mexico has agreed to make efforts to promote the use of secret ballot elections. In March 2002, an election by secret ballot was held at Alcoa Plant Number 2 in Piedras Negras, Coahuila. The workers voted to replace the CTM with independent union representation in a state where the CTM had not previously been unseated.

The Constitution and FLL guarantee the right to strike. Six to 10 days' advance strike notice is required, followed by brief government mediation. If a strike is ruled "non-existent" or "illicit," employees must remain at work, return to work within 24 hours, or face dismissal. If the strike is ruled legal, the company or sub-unit must shut down totally. Management officials may not enter the premises until the strike is over, and striker replacements may not be hired. There have been allegations that federal or state labor authorities occasionally stretch legal
requirements to rule strikes non-existent or illicit, or use delays, to prevent potentially damaging strikes and to force settlements, but there is not a consistent pattern in any event. The law permits public sector strikes, but they are rare. While provisions for maintaining essential services are not onerous, the federal government may exercise the right to intervene ("requisa"). As the results of a legal strike are so drastic and effective, strike threats are used frequently, but actual legal strikes occur rarely, most often to freeze the property of a failing company until the generous legally required severance benefits are paid. Short informal work stoppages to press for a settlement are more common than legally recognized strikes in normal collective bargaining. In 2001, over 919,000 days were lost due to industrial disputes.

The Constitution and FLL protect trade union organizations from government interference in their internal affairs, including strike decisions. Thus, they also unintentionally protect undemocratic or corrupt union leaders. Closed shop and exclusion clauses, allowing union leaders to veto and veto new hires and force firing of anyone the union expels, are common in collective bargaining agreements. In 1997, COPARMEX and the UNT agreed to promote changes that would lead to the elimination of protection contracts and other corrupt labor practices. The need to address corrupt labor practices is also mentioned in the 1998 cooperative agreement between the AFL-CIO and the CTM, as well as in the 1999 cooperative agreement between the UNT and the AFL-CIO. In April 2000, the Supreme Court of Mexico ruled "exclusion clauses" to be illegal, but in order for it to become jurisprudence, the Supreme Court must issue five similar rulings.

Trial and temporary contracts are prohibited by law unless proof can be provided that a worker was hired for a specific job that has been completed or to substitute for another worker. In practice, some employers have short probation periods for some workers. Part-time employees are seldom hired.

The Mexican Constitution prohibits forced labor. However, trafficking in persons for the purposes of sexual exploitation and forced labor is a problem. Mexico is a source country for trafficked persons to the United States, Canada, and Japan; a transit country for persons from Central America and China; and a destination country for children trafficked from Central America to the State of Chiapas. Internal trafficking also is a problem. A June 2000 study by the United Nations Children’s Fund (UNICEF) and the National System for Integral Family Development (DIF) estimated that the number of children involved in sexual exploitation nationwide is 16,000. Most were citizens, although there were significant numbers from Central America, principally Guatemala, Honduras, and El Salvador. In many cases, the traffickers promised the children employment in legitimate occupations but sold them to owners of bars and nightclubs. The children were then forced into prostitution to "pay off their debts." Other children were transported to Mexico City for "training" and then were sent to centers of tourism. The Government has a Plan of Action to Prevent, Attend, and Eradicate the Commercial Sexual Exploitation of Minors, which is administered through the DIF and is supported by numerous executive and legislative branch entities.

Under Mexican law, the minimum age of employment is 14 years. Special limitations apply to minor’s aged 14 to 16. They are not allowed to work in non-industrial establishments after 10:00 p.m., and industrial night labor is forbidden. The work shift for these minors may not exceed 6 hours, divided into two periods of a maximum of three hours with a rest period of at least one hour. Minors may not work overtime, on holidays, or on mandatory rest days. Mexico ratified ILO Convention 182 on the worst forms of child labor on June 30, 2000, and in 2001, the Government held numerous seminars throughout the country on the convention.

The protections afforded under Mexican law are difficult to apply in the large and growing informal sector of the economy, in family workshops, and in agriculture, because federal and state labor inspectorates are too small to effectively monitor practices at these tens of
thousands locations. Children also are involved in domestic service, urban work, fishing, the service sector, and markets, among other activities. According to the World Bank’s 2000 World Development Indicators, 6 percent of children between the ages of 10 and 14 were in the labor force in 1998, while the ILO’s 1999 Yearbook of Labor Statistics indicated that over 1.2 million children between 10 and 14 were economically active. A 2000 report published by UNICEF and the National Action Commission in Favor of Children reported that roughly 3.5 million Mexican children between the ages of 6 and 18 work regularly. Approximately 1.2 million children work in agriculture, particularly in the northern states.

The Constitution and labor laws provide that women shall have the same rights and obligations as men and that "equal pay shall be given for equal work performed in equal jobs, hours of work, and conditions of efficiency." However, women in the work force generally are paid less than their male counterparts and are concentrated in lower-paying occupations. Mexican labor law provides extensive maternity protection, including leave 6 weeks before and 6 weeks after childbirth and time off for breast feeding in adequate and hygienic surroundings provided by the employer. Employers are required to provide a pregnant woman with full pay and are prohibited from dismissing her. In addition, pregnant employees must be removed from heavy or dangerous work or exposure to toxic substances. To avoid these expensive requirements, some employers deliberately violate these provisions by requiring pregnancy tests in pre- and post-employment physicals, by exposing pregnant women to difficult or hazardous conditions to make them quit, or by dismissing them. After a NAALC submission on pregnancy discrimination was brought to the U.S. NAO, the Government of Mexico in 1999 publicly announced that employment discrimination, both pre- and post-hire, on the basis of gender and pregnancy is illegal under Mexican law. In July 2001, the President publicly criticized the practice of requiring pregnancy tests for women applying for jobs, acknowledged that the FLL has been violated in this respect, and pledged that federal hiring practices would respect women’s rights.

The work shift may be a day shift (8 hours maximum), a mixed shift (7.5 maximum) or a night shift (7 hours maximum). A 48-hour workweek and one full day of rest with full pay is the standard set out by the FLL. Pay must be daily, not hourly. Weekly pay is based on a 7-day's pay for a 6-day workweek, irrespective of the number of hours in the normal workweek, and workers generally work less than 48 hours for this pay. Employees must be paid double for overtime and triple for more than 9 hours of overtime. Overtime is voluntary and often refused. A Christmas bonus of at least two weeks’ pay must be given to all employees in December of each year.

There are 7 mandatory holidays per year. Workers must be given an additional day when a new president is installed (every 6 years) and another when there are federal or local elections. Work on holidays must be paid at twice the normal wage. Employees are also entitled to 6 working days of paid vacation after one year of service. With more years, vacation days increase. Employees are entitled to a vacation bonus equivalent to 25 percent of their weekly salary.

The daily minimum wage is supposed to be a living wage and is set annually by the tripartite National Minimum Wage Commission (CNSM). There are three different general rates: the highest for the federal district and border areas, another for other large urban and industrialized or developed areas, and the lowest for less developed areas. In 2002, minimum wage rates equal 42.15 MP (US$4.65), 40.10 MP (US$4.42) and 38.30 MP (US$4.23) respectively. There are also special higher rates for a number of trades and occupations. Any of the three parties (usually labor) may ask for interim adjustments if economic conditions change. Most workers earn more than the minimum wage, and industrial workers average three to four times the minimum wage.

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11 As of March 2002, the exchange rate is US$1=9.064 MP.
Employees are entitled to generous severance pay when termination is without just cause, defined as dishonesty, violence, immorality, alcoholism, or drug addiction in the work place. It is usually paid anyway rather than having to prove just cause to the conciliation and arbitration board. The amount paid is based on the employment contract and the length of service, generally three months' pay plus another 20 days for every year worked.

Most Mexican employers are required to distribute 10 percent of their pretax profits for profit sharing. Fifty percent of this amount is allocated equally to all employees based on the number of days worked by each during the year. The rest is distributed in proportion to the employee's base earnings for the year. There are some exceptions to this profit sharing requirement (e.g., newly formed firms). CEOs, directors, and general managers do not share in the profits distributed under this compulsory scheme.

Workers are entitled to employer-provided training and instruction in their work. The STPS also has rapidly expanded the training it provides or finances with an eye to improving productivity, quality and competitiveness both for currently employed persons under its Total Quality and Modernization Program (CIMO) and for the unemployed under its Training Scholarship Program for the Unemployed (PROBECAT). These programs are being supplemented by a tripartite skills certification program to contribute to labor mobility and higher wages. In addition, STPS has developed ChambaNet, an electronic labor exchange system.

Mexican occupational safety and health (OSH) laws and regulations are relatively advanced, and serious efforts are underway to improve implementation. Employers are bound by law to observe the "general regulations on safety and health in the workplace" issued jointly by STPS and IMSS, and their social security contributions vary with their OSH experience ratings. In addition, the maquiladora associations in the northern border states agreed in 1991 to cooperate in a special program with STPS and IMSS safety and health experts to help member companies overcome compliance deficiencies. Safety and health regulations were revised comprehensively in 1997, and STPS also has taken administrative steps to substantially increase the amounts of fines for uncorrected violations. The Government conducted 9,593 safety and hygiene inspections in private factories and public institutions through August 2001 and planned to complete 13,790 by the end of the year. STPS and IMSS officials report that compliance is reasonably good at most large companies; however, there were not enough federal inspectors to enforce effectively health and safety standards at smaller firms. Mexico has 341 federal labor inspectors and 350 state inspectors.

**LABOR CONDITIONS IN EXPORT PROCESSING ZONES**

Maquiladoras (in-bond export-processing manufacturers or assemblers) constitute a large percentage of Mexico's manufacturing sector and employed more than 1.2 million workers in 2001. Most of the restrictions that created this "border" industry are disappearing under NAFTA, and more maquiladoras are springing up in the interior. All are able to sell a percentage of their products domestically. Unionization and wage levels at maquiladoras vary by area. Union membership is still relatively low, especially farther west, compared with non-maquiladora industry, but the wage gap continues to narrow and the number of plants continues to grow. Relatively good wage and benefit packages at some large maquiladoras may reduce incentives to unionize, as may the poor reputations of some union leaders. Observers have reported poor working conditions and inadequate wages at a number of border maquiladoras and have alleged employer and state government efforts to discourage unionization. One prominent case alleging obstruction of freedom of association by an employer was at the Han Young truck chassis plant in Tijuana in 1997. Although the plant
closed and moved to a new location, workers continued their strike. As of 2002, no respondent from the firm could be found to pay the striking workers' demands.

NORTH AMERICAN AGREEMENT ON LABOR COOPERATION

Overview

The NAFTA was negotiated in 1992 between Canada, Mexico and the United States, then supplemented in 1993 by environmental and labor side agreements. The NAALC went into effect as part of NAFTA on January 1, 1994.

The main objective of the NAALC is to improve working conditions and living standards in the three countries. Each Party is obligated to ensure that its labor laws and regulations provide for high labor standards and must promote compliance with and effectively enforce its labor law. The Parties also must ensure that persons with a legally recognized interest have appropriate access to the courts for enforcement of the labor law and that the proceedings are fair, equitable, and transparent. Under the Agreement, labor law is defined broadly to include all laws and regulations directly related to freedom of association and protection of the right to organize; the right to bargain collectively; the right to strike; prohibition of forced labor; labor protections for children and young persons; minimum employment standards, such as minimum wages and overtime pay; elimination of employment discrimination; equal pay for men and women; prevention of occupational injuries and illnesses; compensation in cases of occupational injuries and illnesses; and protection of migrant workers.

The preferred approach under the NAALC is through cooperation---exchanges of information, technical assistance, and consultation. Since the inception of the NAALC, 59 cooperative activity programs have been held, addressing a wide range of topics such as child labor, migrant labor, gender discrimination, freedom of association, and occupational safety and health. In addition, the U.S. Department of Labor currently is implementing a technical assistance project to aid Mexico in further developing ChambaNet and other systems operated by STPS, projecting employment needs over the next several years, developing a model one-stop center, and developing an occupational classification system.

The NAALC also provides oversight mechanisms to ensure that each country is enforcing its labor laws. One such mechanism is the submissions process, whereby any person or organization may file a submission with a country's NAO regarding labor law matters arising in the other two nations. Each NAO establishes its own procedural guidelines for submissions. Under the U.S. NAO guidelines, a submission must address whether: (1) the matters in question appear to demonstrate action inconsistent with the other country's obligations under the NAALC; (2) there has been harm to the submitter or other persons; (3) the matters complained of appear to demonstrate a pattern of non-enforcement of labor law by the other country; (4) relief has been sought under the domestic laws of the other country, and, if so, the outcome; and (5) the matters complained of are pending before an international body. The NAO must decide whether to accept or decline the submission but generally accepts if the submission raises issues on labor law and if a review would further the objectives of the NAALC. If a submission is accepted for review, the NAO gathers information from relevant sources and may hold a public hearing. A public report must be issued within 120 to 180 days of acceptance of a submission, and a request for ministerial consultations may be issued. As a last resort in cases concerning a persistent pattern of failure to enforce laws relating to child labor, occupational safety and health, or minimum wage technical labor standards, the NAALC provides the ability to invoke trade sanctions. To date, these penalty provisions have not been utilized.
Current/Ongoing Submissions

U.S. NAO Submission No. 9702 (HAN YOUNG) was filed on October 30, 1997, raising freedom of association issues involving workers at the Han Young export processing plant in Tijuana. The submitters alleged that workers at the plant who attempted to organize a union were intimidated and threatened by the company and that some of the workers were fired. Han Young has since transferred its operations to another location. An amendment detailing safety and health concerns was submitted on February 9, 1998. The NAO accepted the submission for review on November 17, 1997, and a public hearing was held in San Diego, California, on February 18, 1998. The U.S. NAO issued two public reports in 1998, recommending ministerial level consultations. On May 18, 2000, the U.S. Secretary of Labor and Mexican Secretary of Labor signed a ministerial agreement for U.S. NAO Submission Nos. 9702 and 9703. As part of the ministerial agreement, the Government of Mexico held a public seminar on June 23, 2000 in Tijuana to promote the principles of freedom of association and the right to bargain collectively. In addition, the Government will continue promoting the registry of collective bargaining contracts in conformity with established labor legislation. Mexico also has agreed to conduct a trilateral seminar on law and practice governing Mexican labor boards, including the rules and procedures to assure their impartiality, and to participate in a government-to-government meeting on occupational safety and health.

U.S. NAO Submission No. 9703 (ITAPSA) was filed on December 15, 1997, alleging violation of freedom of association at the Itapsa export processing plant in Ciudad de los Reyes in the State of Mexico. The submitters asserted that when workers at the facility attempted to organize an independent union, they faced intimidation and harassment from the company and the existing union (CTM), including threats of physical violence and job loss. The submitters further alleged that Mexican Government authorities were aware of the situation and took no remedial action. Regarding occupational safety and health, the submission claimed that workers were exposed to asbestos and other toxic substances without adequate personal protective equipment. The U.S. NAO accepted this submission for review on January 30, 1998. A public hearing was held in Washington, D.C. on March 23, 1998. The U.S. NAO issued its public report on July 31, 1998, recommending ministerial level consultations. On May 18, 2000, the U.S. Labor Secretary and Mexican Secretary of Labor signed a ministerial agreement for U.S. NAO Submission Nos. 9702 and 9703. As part of the agreement, Mexico will make efforts to promote that workers be provided information pertaining to collective bargaining agreements existing in their place of employment and to promote the use of eligible voter lists and secret ballot elections in disputes over the right to hold the collective bargaining contract. See above paragraph on U.S. NAO Submission No. 9702 (HAN YOUNG) for other commitments under the ministerial agreement.

U.S. NAO Submission No. 9901 (TAESA) was filed on November 10, 1999. The submission raises concerns about freedom of association, minimum employment standards, and occupational safety and health at the privately owned Mexican airline company, Executive Air Transport, Inc. (TAESA). The submitters alleged that the election process at TAESA inhibited flight attendants' right to organize and bargain collectively and, in the end, led to the dismissal of those workers who voted for the Association of Flight Attendants of Mexico (ASSA). The submitters also asserted that the Mexican government failed to enforce compliance of minimum labor standards, including payment of overtime and mandatory contributions for social security, pensions, and housing. Concerning occupational safety and health, the

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submission claimed that TAESA provided inadequate safety training, unsafe flight conditions, and forced flight attendants to work more than the maximum number of permitted hours in flight. On January 7, 2000, the NAO accepted the submission for review, and a hearing was held on March 23, 2000, in Washington, D.C. The NAO issued its public report on this submission on July 7, 2000, recommending ministerial consultations. The U.S. Secretary of Labor formally requested ministerial consultations on July 17, 2000, with the Mexican Labor Secretary accepting on July 24, 2001. Negotiations are pending.

**U.S. NAO Submission No. 2000-01 (AUTO TRIM/CUSTOM TRIM)** was filed on July 3, 2000. The submission raises concerns about occupational safety and health and compensation in cases of occupational injuries and illnesses at Auto Trim of Mexico in Matamoros, Tamaulipas, and at Custom Trim/Breed Mexicana at Valle Hermoso, Tamaulipas. The U.S. NAO accepted the submission for review on September 1, 2000. A public hearing was held in San Antonio, Texas, on December 12, 2000. On April 6, 2001, the U.S. NAO issued its public report, recommending ministerial consultations. The U.S. Secretary of Labor formally requested ministerial consultations on June 25, 2001, and the Mexican Secretary of Labor accepted on July 24, 2001. Negotiations are pending.

**U.S. NAO Submission No. 2001-01 (DURO BAG)** was filed on June 29, 2001 and raises concerns about a union representation election at a Duro Bag Manufacturing Corporation facility in Rio Bravo, Tamaulipas, Mexico. The submission alleges that Mexico violated the right of workers to a free, fair election of the bargaining representative by rejecting a request for a secret ballot election at a neutral location and under conditions free of management coercion. After consideration of the submission, the U.S. NAO determined that a review would not further the objectives of the NAALC and, on February 22, 2002, declined to accept it for review.

**Mexico NAO Submission No. 9801 (SOLEC)** was filed with the Mexican NAO on April 13, 1998. The submission raises issues of freedom of association, minimum employment standards, employment discrimination, and occupational safety and health at Solec, Inc., located in Carson, California. The Mexican NAO accepted this submission for review on July 10, 1998. On August 31, 1999, the Mexican NAO issued its public report, requesting ministerial consultations. On May 18, 2000, the U.S. Secretary of Labor and Mexican Labor Secretary signed a ministerial agreement for Mexican NAO Submission Nos. 9801, 9802, and 9803. See paragraphs on Mexico NAO Submission Nos. 9802 and 9803 for commitments made under the ministerial agreement.

**Mexico NAO Submission No. 9802 (APPLE GROWERS)** was filed with the Mexican NAO on May 27, 1998. This submission concerns migrant workers in the state of Washington employed in the apple industry and raises issues of freedom of association, occupational safety and health, employment discrimination, minimum employment standards, protection of migrant workers, and compensation in cases of occupational injuries and illnesses. The Mexican NAO accepted this submission for review on July 10, 1998, and held a hearing on December 2, 1998. The Mexican NAO issued its public report on August 31, 1999, recommending ministerial consultations. The U.S. Labor Secretary and Mexican Secretary of Labor signed a ministerial agreement for Mexican NAO Submission Nos. 9801, 9802, and 9803 on May 18, 2000. As part of the ministerial agreement, the U.S. Department of Labor organized a government-to-government meeting in Washington, D.C. in May 2001 to discuss the application of U.S. law on the following topics: union organizing and bargaining rights; elimination of employment discrimination; minimum conditions of employment, including inspection programs and systems for determining violations of employment conditions for migrant workers; occupational safety and health; and protections of migrant workers’ rights. In August 2001, the United States also conducted a public forum in the state of Washington with migrant workers, community groups, and government officials regarding migrant agricultural issues.
**Mexico NAO Submission No. 9803 (DECOSTER EGG)** was filed on August 4, 1998 and raises issues of freedom of association, protection for migrant workers, employment discrimination, occupational safety and health, and workmen's compensation. The Mexican NAO accepted the submission for review on August 5, 1998 and issued its public report on December 3, 1999, recommending ministerial consultations to gain further information on the steps that the U.S. Government is taking to ensure that migrant agricultural workers enjoy the same legal protections as its nationals. A ministerial agreement for Mexican NAO Submission Nos. 9801, 9802, and 9803 was signed by the U.S. Labor Secretary and Mexican Secretary of Labor on May 18, 2000. Under the agreement, the United States will conduct a public forum in Maine with migrant workers, community groups, and government officials regarding migrant agricultural issues. See paragraph on Mexico NAO Submission No. 9802 for commitments in the agreement that have been completed.

**Mexico NAO Submission No. 9804 (YALE/INS)** was filed with the Mexican NAO on September 22, 1998 and was accepted for review on November 23, 1998. The submission argues that the U.S. fails to enforce its existing minimum wage and overtime protections in workplaces employing foreign nationals due to the Memorandum of Understanding between the U.S. Department of Labor and the Immigration and Naturalization Service (INS), which delineated enforcement responsibilities and provided for sharing of information. The U.S. Department of Labor and the INS issued a revised Memorandum of Understanding on November 23, 1998 to more clearly delineate the enforcement roles and responsibilities of the departments. The Mexican NAO issued its public report and formally requested ministerial consultations on October 20, 2000. The U.S. Secretary of Labor accepted the request for ministerial consultations on January 30, 2002. Negotiations are pending.

**Mexico NAO Submission 2001-1 (STATE OF NEW YORK)** was filed on October 24, 2001 and was accepted by the Mexican NAO on November 15, 2001. The submission raises concerns that the United States failed to effectively enforce workers' compensation and occupational safety and health laws in the state of New York. The submitters allege that the state workers' compensation system subjects workers to unwarranted delays and that in cases where compensation is awarded, it is often inadequate. The submission is under review.

**Canadian NAO Submission CAN 98-1 (ITAPSA)** was filed on April 6, 1998. The submission raises concerns about the enforcement of labor legislation covering occupational safety and health and freedom of association of workers at the Itapsa export processing plant in Ciudad de los Reyes in the State of Mexico. The issues raised in the submission are substantially the same as those found in U.S. NAO Submission No. 9703. The Canadian NAO accepted this submission for review on June 4, 1998 and held public meetings on September 14, 1998 and November 5, 1998 to obtain information. On December 11, 1998 the Canadian NAO issued the first part of their report addressing the freedom of association issues raised in the submission. The second report concerning occupational safety and health issues was released on March 12, 1999. Canada formally requested ministerial consultations with Mexico on March 31, 1999, with Mexico accepting on October 4, 1999. Ministerial consultations are underway.

**Cooperative Activities (2000-2001)**

**Conference on Agricultural Migrant Labor in North America - February 7-9, 2000, Los Angeles, California:** The conference focused attention on specific concerns faced by governments, employers, NGOs, and migrant workers and accentuated best practices related to migrant labor in the NAFTA countries. Panel discussion provided a comprehensive overview examining current trends, policies, and programs directed at solving the social and economic difficulties encountered by migrant workers in the three countries. Specific issues examined
included economic impact, legal practices, common problems, current programs, and future
measures.

**North American Occupational Safety and Health Week (NAOSH) - May 15-19, 2000:** For
the fourth consecutive year, the United States, Mexico and Canada participated in a joint
NAOSH Week. The purpose of the week was to promote occupational health and safety
throughout North America. The theme for the year 2000 was "Work Safely for a Healthy
Future," advancing youth safety in the workplace.

**Conference on Safety and Health in the Workplace in North America - May 17-19,
2000, Mexico City, Mexico:** The objective of this conference was to highlight the importance
of the difference elements of safety and health in the administration of companies and to
exchange experiences in specific fields in order to promote a better preventionist culture.
Topics included the globalization of safety and health in the workplace, the investment and
administration of companies in the application of safety and health, the importance of safety
and health inspections, and preventive medical services in the workplace.

**The Protection of the Labor Rights of Women in North America - May 30, 2000, Puebla,
Mexico:** This outreach session was for the purpose of disseminating information to workers,
employers, government representatives, and NGOs on the rights and protections afforded
women workers in Mexico. This training was in accordance with the ministerial agreement for
U.S. NAO Submission No. 9701.

**Freedom of Association in Mexico - June 23, 2000, Tijuana, Baja California, Mexico:**
This seminar was held for the purpose of disseminating information on such themes as freedom
of association, the registration of trade unions, mechanisms for gaining and challenging title to
the collective bargaining contract, and related procedures, including worker protections during
organizing, under the laws and regulations of Mexico. The seminar was in accordance with the
ministerial agreement for U.S. NAO Submission Nos. 9702 and 9703.

**Women Farmworkers, Know Your Rights! - July 1, 2000, Yakima, Washington:** The
purpose of this outreach session was to educate women migrant agricultural workers about
their rights in the work place. Topics included the legal protections afforded to women against
gender and ethnic discrimination, how to file a formal complaint, how to report improper
payment of wages, and occupational health and safety. This seminar was in accordance with
the ministerial agreement on Mexican NAO Submissions 9801, 9802 and 9803.

**The Application of U.S. Labor Law to Migrant Agricultural Worker Issues - May 23-24,
2001, Washington, DC:** This event was hosted by the U.S. NAO and was held pursuant to the
ministerial agreement on Mexican NAO Submissions 9801, 9802, and 9803. During the event,
government officials discussed U.S. laws regarding employment discrimination, minimum
employment standards, safety and health, inspection processes, and protections for legal and
undocumented agricultural workers.

**A Public Forum: Promoting Dialogue Among Migrant Agricultural Workers, Growers
and Government Officials - August 8, 2001, Yakima, Washington:** The event was
pursuant to the ministerial agreement on Mexican NAO Submissions 9801, 9802, and 9803.
The forum was conducted with migrant workers, community groups, and government officials
regarding migrant agricultural issues.

**Violence as a Workplace Risk - November 29-30, 2001, Montreal, Canada:** This tri-
national conference was hosted by the Canadian NAO and was held due to increased concerns
about workplace violence in North America in recent years. The conference promoted dialogue
among a diverse tripartite group of panelists and participants including union representatives,
government officials, employers, and private organizations from the three NAFTA countries. The conference consisted of discussions on the extent of the problem of workplace violence and its causes; an overview of the costs and consequences of workplace violence on individuals, companies, and the societies; and an exchange of successful, innovative and progressive practices implemented to address the issue of workplace violence.
DIRECTORY OF LABOR ORGANIZATIONS

The Country Code for telephoning Mexico is 52.

GOVERNMENT

Secretaría del Trabajo y Previsión Social (STPS)
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Lic. Hipólito Treviño Lecea, (Acting) Under Secretary "B"
(Economic: employment, training, etc.)
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Ing. Francisco Xavier Salazar Sáenz, Under Secretary "C"
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Comisión Nacional de Salarios Mínimos (CNSM)
National Minimum Wage Commission
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Labor Skills Standardization and Certification Council
Lic. Agustín Ibarra Almada, Director
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Instituto del Fondo Nacional de la Vivienda para los Trabajadores (INFONAVIT)
National Worker Housing Institute
Instituto del Fondo Nacional de la Vivienda para los Trabajadores
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Barranco del Muerto 280
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Junta Federal de Conciliación y Arbitraje (JFCA)
Federal Conciliation and Arbitration Board
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Procuradura Federal de la Defensa del Trabajo (PROFEDET)
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EMPLOYER ORGANIZATIONS

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Business Coordinating Council
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CCE Members

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National Chamber of the Maquiladora Industry
Lic. Yedckol Polevnsky, President
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Confederación de Cámaras Industriales (CONCAMIN)
Confederation of Industrial Chambers of Commerce of the United Mexican States
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Confederación de Cámaras Nacionales de Comercio (CONCANACO)
Confederation of the National Chambers of Commerce
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Confederación Patronal de la República Mexicana (COPARMEX)
Employers Confederation of the Republic of Mexico
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Others

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Mexican Industrial Relations Executives' Association (AMERI)
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**Coordinating Body**

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**Labor Congress**
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**CT Members**

**Confederación de Trabajadores de México (CTM)**
**Confederation of Mexican Workers**
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General Confederation of Workers
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Confederación Obrera de Mexico (COM)
Workers' Confederation of Mexico
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Revolutionary Workers' Confederation
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Confederación Regional Obrera Mexicana (CROM)
Regional Mexican Workers Confederation
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Confederación Revolucionaria de Obreros y Campesinos (CROC)
Revolutionary Workers and Peasants Confederation
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Confederación Revolucionaria de Trabajadores (CRT)
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Federation of Unions of Workers in the Service of the State
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Federación de Sindicatos de Trabajadores al Servicio de los Gobiernos de los Estados, Municipios e Instituciones Descentralizadas de Carácter Estatal de la República Mexicana
Federation of Workers at the Service of the State and Municipal Government
Juana Consuelo Méndez Vázquez and Enrique Escobar Cedillo, Secretaries General
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Federación de Trabajadores del Distrito Federal (FTDF)
Federation of Federal District Workers
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Federación Nacional de Sindicatos Bancarios (FENASIB)
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Union of Petroleum Workers of the Mexican Republic
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Sindicato Nacional de Trabajadores de la Educación (SNTE)
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Major CTM State Federations

Federación de Trabajadores del Estado de Chihuahua (FTC)
Federation of Workers of the State of Chihuahua
Dip. Jorge Doroteo Zapata, Secretary General
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Federación de Trabajadores del Estado de Coahuila (FTC)
Federation of Workers of the State of Coahuila
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Federación de Trabajadores del Estado de Guanajuato (FTG)
Federation of Workers of the State of Guanajuato
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**Nuevo Leon Workers' Federation**  
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Sindicato de Industria de la Metal Mexicana Similares y Conexos de la  
**Republica Mexicanos**  
**Mexican Metal Industry Union**  
Casa del Obrero "Fidel Velazquez"  
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Sindicato de Jornaleros y Obreros Industriales  
**Union of Laborers and Industrial Workers**  
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Sindicato Nacional de Trabajadores, Obreros y Asalariados del Campo Similares y Conexos de la Republica Mexicana  
**National Farm Workers Union**  
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Sindicato de Trabajadores C.T.M. de la Empresa "Cervecería Modelo"
CTM Workers' Union of the Cervecería Modelo Company
Perfecto Galicia Vallejo, Secretary General
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Col. Anahuac
C.P. 11320 México, D.F.
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Sindicato de Trabajadores de la Industria Azucarera, Alcohólera y Similares
de la República Mexicana (STIAASRM)
Sugar, Alcohol, and Related Industries Workers' Union of the Mexican Republic
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Sindicato de Trabajadores de la Industria Embotelladora de Aguas Gaseosas, Refrescos Aguas Naturales, Cervezas y de las Bebidas Envasadas en General, Similares y Conexos de la Republica Mexicana
Bottling Industry Workers' Union of the Mexican Republic
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Sindicato de Trabajadores de la Industria Química y Petroquímica (STRIQP)
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Sindicato "Francisco Villa" de la Industria Textil y de la Confección Similares y Conexos de la República Mexicana
"Francisco Villa" Union of the Textile and Manufacturing Industries of the Republic of Mexico
Mario Alberto Sánchez Mondragón, Secretary General
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National Union of Workers of Financial and Banking Institutions, Credit Organizations, and Related Office Employees of the Mexican Republic
Luis Velázquez Jaacks, Secretary General
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Sindicato Nacional de Trabajadores de Instituciones de Seguros
National Union of Insurance Institution Workers
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Sindicato Nacional de Trabajadores de la Compañía "Ford Motor Company, S.A."
National Union of Ford Motor Company Workers
Juan José Sosa Arreola, Secretary General
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Sindicato Nacional de Trabajadores de la Empresa Tele-industria "Ericsson"
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National Union of TAESA Workers
Angel Elorio Guevara, Secretary General
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Sindicato Nacional "Unidad y Progreso" de la Industria de la Transformation del Acero para Productos Tubulares y sus Derivados de los Trabajadores en General de la Fabrica de Acero de México, S.A.
National Union of "Unity and Progress" of Steel Industry Workers
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Sindicato Unico de Trabajadores Electricistas de la República Mexicana (SUTERM)
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Major CROC State Federations

Confederación Revolucionaria de Obreros y Campesinos (CROC) del D.F. y Area Metropolitana
Revolutionary Workers and Peasants Confederation of the Federal District and Metropolitan Area
C. Dip. Isaiás González Cuevas, Secretary General
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Federación Revolucionario de Obreros y Campesinos (FROC) del Estado de Jalisco
Revolutionary Workers and Peasants Federation of the State of Jalisco
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Revolutionary Workers and Peasants Federation of the State of Mexico
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Revolutionary Workers and Peasants Federation of the State of Nuevo León
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Federación Revolucionario de Obreros y Campesinos (FROC) del Estado de Quintana Roo
Revolutionary Workers and Peasants Federation of the State of Quintana Roo
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Federación Revolucionario de Obreros y Campesinos (FROC) del Estado de Veracruz
Revolutionary Workers and Peasants Federation of the State of Veracruz
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Sindicato Nacional de Trabajadores y Empleados en las Industrias Cervecería, de Aguas Gaseosas, de Alimentos, Envasados, su Distribución, Similares y Conexos
National Union of Workers and Employees in the Beer, Seltzer Water, Food, Bottling, and Distribution Industries
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**Major CROC Unions**

**Federación de Trabajadores Textiles de México**
**Federation of Textile Workers of Mexico**
- Luis Aguilar Cerón, Secretary General
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**Federación "Mar Negro"**
**"Black Sea" Federation**
- Dip. Mario Carbajal Moreno, Secretary General
- Norte 72-a No 5622
- Col. Bondojito
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**Sindicato Nacional "Unidad Democrática" de la Industria Textil, Confección y Similares de la República Mexicana**
**National Union of "Democratic Unity" of the Textile and Manufacturing Industries**
- Mario Martínez Dector, Secretary General
- Hamburgo No. 250
- Col. Juárez
- 06600 México, D.F.
- Phone: (5) 208-5444 Ext. 130, Fax: (5) 208-5444 Ext. 139

**Unión Nacional de Trabajadores de la Industria Alimenticia, Refresquera Turística, Hotelera, Gastronómica, Similares y Conexos**
**National Union of Food, Beverage, Tourist, and Hotel Industries' Workers**
- Alberto Juárez Blancas, Secretary General
- Donceles No. 28
- Col. Centro
- 06010 México, D.F.
- Phone: (5) 521-4284
**Major FSTSE Unions**

**Sindicato Nacional de Trabajadores de la Secretaria de Comunicaciones y Transporte**
National Union of Workers of the Ministry of Communications and Transport
- Víctor Bernaldo López Carranza, Secretary General
- Rio Mississippi 50
- Col. Cuauhtémoc
- 06030 México, D.F.
- Phone: (5) 525-1497, 5514-6423

**Sindicato Nacional de Trabajadores de la Secretaria de Salud**
National Union of Workers of the Ministry of Health
- Lic. Joel Ayala Almeida, Secretary General
- Oaxaca 58
- Col. Roma, Del. Cuauhtémoc
- México, D.F.
- Phone: (5) 511-0201/0141

**Sindicato Nacional de Trabajadores del ISSTE**
National Union of Workers of ISSTE
- Lic. Marcelino Miranda Anorve, Secretary General
- Sor Juana Inés de la Cruz #93
- Col. Miguel Hidalgo
- México, D.F.
- Phone: (5) 606-0364/0700; Fax: (5) 606-0364

**Sindicato Unico de Trabajadores del Gobierno del Distrito Federal (SUTGDF)**
Single Union of Workers of the Federal District Government
- Raúl Quintana Bautista, Secretary General
- Antonio Caso 46 & 48 40 Piso
- Col. Tabacalera
- México, D.F.
- Phone: (5) 546-4054

**Sindicato Unico de Trabajadores de la Secretaria del Medio Ambiente, Recursos Naturales y Pesca (SEMARNAP)**
Single Union of Workers of the Ministry of the Environment, Natural Resources, and Fishing
- Mario Santos Gómez, Secretary General
- Edison 115
- Col. Revolución
- México, D.F.
- Phone: (5) 566-9809/7325; Fax: (5) 705-3644
Independent Federations & Unions

Asociación Sindical de Pilotos Aviadores de México (ASPA)
Mexican Pilots Association
Cap. Jaime Luis González Navarro, Secretary General
Calle Palomas No. 110
Col. Reforma Social
11650 México, D.F.
Phone: (5) 202-2747, (5) 202-3298; Fax: (5) 202-9005

Coordinadora Intersindical "Primero de Mayo"
May First Inter-union Coalition
Sr. Herón Rosales Zamorano, Secretario de Organización, Central Comisión de Enlace
Edur Velasco, former Secretary General, SITUAM
Heron Rosales, Secretary General, CNT
Leonel Villafrute Zavala, Secretary General SUTUAR-100
Hector de la Cueva, Director, CILAS
Comision de Consejo meets monthly at CNT facility at
Playa Regatas 302
Col. Barrio Santiago Sur, Iztacalco
México, D.F.
Phone: (5) 696-6055; Fax: (5) 696-6100

Federación de Bienes y Servicios (FESEBS)
Federation of Goods and Services Companies
Lic. Alejandra Barrales Magdaleno, Secretary General
Rio Neva No. 16, 1er Piso
Col. Cuauhtémoc
06500 México, D.F.
Phone: (5) 705-3964; Fax: (5) 705-5176

Federación de Sindicatos Libres
Federation of Free Unions
Antonio García Luna, Secretary General
Trevido 409 Pte, 50 Piso
Monterrey, N.L. 64000
Phone: 375-7075

Federación de Trabajadores de los Sindicatos Autónomos
Federation of Workers of the Autonomous Unions
Benito Almaguer Salazar, Secretary General
Amado Nervo 130 Nte
Monterrey, N.L.
Phone: 342-0218
Federación Nacional de Sindicatos Independientes (FNSI)
National Federation of Independent Unions
Juan Manuel Zapata Garza, Secretary General
Isaac Garza y Galena 311 Ote
Monterrey, N.L. 64000
Phone: (8) 375-6677

Frente Autentico del Trabajo (FAT)
Authentic Labor Front
Godard No. 20
Col. Guadalupe Victoria
07790 México, D.F.
Phone: (5) 556-9375; Fax: (5) 556-9316

Union Nacional de Trabajadores (UNT)
National Union of Workers
Francisco Hernandez Juárez, Francisco Rocha, and Agustín Rodríguez, Co-presidents
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Sindicato de Telefonistas de la República Mexicana (STRM)
Union of Telephone Workers of Mexico
Francisco Hernandez Juárez, Secretary General
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Sindicato Independiente de Trabajadores de la Industria Automotriz,
Similares y Conexos "Volkswagen de Mexico"
Volkswagen of Mexico's Independent Union of Autoworkers
José Luis Rodríguez Salazar, Secretary General
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Sindicato Mexicano de Electricistas (SME)
Mexican Union of Electrical Workers
Rosendo Flores, Secretary General
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Phone: (5) 535-1788; Fax: (5) 535-7046
Sindicato Nacional de Trabajadores del IMMS
National Union of IMSS Workers
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Sindicato Nacional Independiente de Trabajadores de la Industria Automotriz, Similares y Conexos (SNITIA)
National Independent Union of Autoworkers
José Luis Hernandez Jauregui, Secretary General
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Ciudad Sahagun, Hidalgo
Phone: 91-596-3-21-32

INTERNATIONAL ORGANIZATION

International Labor Office (ILO)
Lic. Guillermo Lopez Guizar, Director
Darwin No 31
Col. Anzures
11590 Mexico, D.F.
Phone: (5) 250-3224; Fax: (5) 250-8892
SOURCES OF KEY LABOR INDICATORS

"Agenda de Información Básica del Mercado Laboral," Secretaría del Trabajo y Previsión Social (http://www.stps.gob.mx/01 oficina/05 cgpeet/302 0021.html)


"Empleo y Desempleo: Población Economicamente Activa (45 áreas urbanas)," INEGI (http://dgcnesyp.inegi.gob.mx/pubcoy/coyunt/empleo/pea.html);


"Empleo y Desempleo: Tasas Complementarias de Empleo y Desempleo (48 áreas urbanas)," INEGI (http://dgcnesyp.inegi.gob.mx/pubcoy/coyunt/empleo/Tced.html)

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"Población de México," CONAPO, (http://www.conapo.gob.mx)


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