



Comité Fronterizo de Obrer@s CFO

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



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Six Years of NAFTA: A View from Inside the Maquiladoras

A Report by the
Comité Fronterizo de Obreras
(CFO – Border Committee of Women Workers)

*Issued by the CFO in cooperation with the Mexico-U.S. Border Program of the
American Friends Service Committee
Piedras Negras, Coahuila - Philadelphia, PA
Octubre 1999*

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EXECUTIVE SUMMARY

“On the border, we have known the maquiladoras for thirty-four years, and we are not satisfied.”

— *Comité Fronterizo de Obreras*

The economic impact of NAFTA has been a contentious subject, with the agreement's supporters and opponents alike marshalling an array of statistics to bolster conflicting arguments, while some observers dispute that any given phenomenon can be reliably attributed to NAFTA itself.

Now, a strikingly fresh view of the subject is offered by the Comité Fronterizo de Obreras (CFO – Border Committee of Women Workers), a grassroots Mexican workers organization headquartered in Piedras Negras, Coahuila. “Six Years of NAFTA: A View from Inside the Maquiladoras,” is the first such report to be developed by maquiladora workers themselves, offering an insider view of changing factory life in the maquiladoras, or foreign-owned assembly plants that line the Mexico-U.S. border. This report has been issued by the CFO in cooperation with the American Friends Service Committee.

The low wages and harsh working conditions characteristic of border plants, notes the report, did not begin with NAFTA. “As workers in the maquiladora industry,” the CFO states, “we believe that we have been living under a free trade agreement for thirty-four years, ever since the first export-processing plants began to arrive in Mexico.” Nonetheless, the six years since NAFTA went into effect, the CFO reports, “have signified a dramatic worsening of our working and living conditions.”

The report does note one key victory for workers and their allies on both sides of the border: the suspension by several major border employers of the illegal but widespread practice of compulsory pregnancy testing as a condition of employment. This practice, which violates both Mexican law and international human rights norms, attracted broad condemnation in both Mexico and the United States after it was documented in a 1996 report issued by Human Rights Watch⁽¹⁾ and developed with help from the CFO and other Mexican organizations. Now, reports the CFO, after years of sustained pressure, several of the largest maquiladora firms, including Delphi (formerly the international division of General Motors), Alcoa, General Electric, and Lucent Technologies, have backed away from pregnancy testing.

Despite this victory, the overall panorama described by the CFO is a grim one. Over the past six years, border workers have endured a sharp drop in their standard of living; a marked intensification of the labor process through speed-ups and other tactics; and a sustained campaign to undermine unions, labor rights, and social protections. Other long-standing problems of the maquiladora economy, like child labor or toxic industrial wastes, continue to plague the border region.

- **Skyrocketing cost of living.** The decline in real wages since 1994 has been “less severe” at the border than the 20 percent drop suffered by manufacturing workers throughout Mexico (compared to 34 percent for workers overall). These figures are dwarfed, however, by massive increases in the cost of living. According to the CFO, “the cost of the official ‘market basket’ of food, housing, and essential services has risen by 247 percent since 1994. Many products, including gasoline, telephone service, milk, chicken, bread, and even beans, are more expensive on the Mexican side of the border than on the U.S. side. For us, simply feeding our families is becoming more difficult every day.”
- **Unrelenting pressure on wages.** “Wage levels have also come under attack,” charges the CFO, “wherever they are over the threshold considered competitive by the maquiladoras.” Examples include the introduction in 1998 of two-tiered wages in Matamoros at the eastern end of the border, which traditionally has had the highest rate of unionization and paid the highest wages in the maquiladora industry. New hires now receive the equivalent of U.S. \$38 a week, compared to an average of \$70 to \$80 a week before the new system was introduced⁽²⁾. The CFO report describes the tactics used by many maquiladora firms to induce workers with seniority to resign, whereupon they are rehired by other companies at the new, lower wages.
- **Child labor a commonplace.** The report notes that maquiladora wages are so low that “many children must contribute to their families’ income from a young age. . . . Thousands of children as young as thirteen go to work in the maquiladoras, where their presence is obscured by the massive falsification of birth certificates, a practice that is tolerated and covered up by labor authorities and maquiladora firms alike.”
- **Runaway shops and the “maquilization” of Mexico.** NAFTA has accelerated the spread of the maquiladora industry to new areas of Mexico’s interior — including “small towns or rural hamlets not too far from the border zone,” says the CFO, with populations that are new to industrial work and unaware of their labor rights. Examples cited include the garment manufacturer Dimmit, which pays 44 percent less in Monclova than in Piedras Negras, and Alcoa, which is paying 40 percent less in Torreón than in Piedras Negras. In the latter case, wages in the new plants run between \$22 and \$30 a week, as compared to \$54 to \$65.
- **Intensification of the labor process.** The CFO report offers many detailed observations of how maquiladora firms oblige their workers to work for longer hours at a more intense pace (while simultaneously offering lower wages in real terms). “Since NAFTA went into effect,” the report states, “we have clearly observed how the companies are defying the human limits of the workers. . . . In some maquiladoras, operations that previously were performed by two, three, and even four workers are now the responsibility of a single person,” who must nonetheless reach the same production quotas that all these people were responsible for before, without any decline in quality. None of these increases in production have been accompanied by any increase in pay.
- **Flouting labor laws.** The CFO report cites numerous illegal practices that are widespread in the maquiladoras, many of which involve the violation of rights guaranteed by Mexico’s constitution as well as the country’s labor code. Examples include illegal payments in merchandise or scrip;

illegally excluding so-called “bonus” payments from calculations of pension and health benefits; involuntary overtime and failure to calculate overtime pay according to legal norms; and routine evasion of legally mandated benefits, including profit-sharing⁽³⁾, compensation to laid-off workers, and compensation to workers affected by plant closings. “Ostensibly, maquiladoras operate within the same legal framework as other sectors of Mexican industry,” states the CFO report. “In practice, however, Mexican labor authorities have winked as maquiladora firms have systematically violated basic rights, including the right to organize and bargain collectively . . . and many others.”

- **Creating an unstable work force.** Maquiladora managers characteristically bemoan the instability of the border workforce and the inevitability of high turnover rates. Such phenomena, charges the CFO report, are deliberately induced by the companies “because the longer workers stay on the job, the more they begin to exercise their rights. Many companies,” the report explains, “are signing contracts with workers for only a month or two. Frequently, the companies close down operations or entire plants and then open them back up, sometimes on the same site, but with new personnel. Such ‘turnover’ is designed to ensure that the maquiladoras can maintain total control over their workers.”
- **Humiliation and tyranny.** Such illegal practices occur in an overall climate of unrelenting abuse and humiliation. Alcoa, for example, offered an on-site cafeteria as a “service” to its workforce — in which “workers had to pay for napkins and plastic forks along with their food. Even chili peppers were on sale for a nickel apiece,” reports the CFO. “Supervisors act on their whims or show favoritism in giving out permission for absences or even to go to the bathroom. . . . Many companies, such as ADFlex in Agua Prieta or Alcoa in Ciudad Acuña, control bathroom breaks by using lists and badges.” Overall, since NAFTA went into effect, “supervisors apply more intense pressure to workers, and ill treatment as well as various disciplinary and punitive measures are frequent.”
- **The assault on unions.** “In the name of NAFTA,” states the CFO, “the companies, aided by the Mexican government, are waging a tireless and surreptitious campaign of dirty tricks to stamp out unions in the maquiladoras. Their objective is to do away with unions altogether in those areas with the highest percentage of union representation — Matamoros, Reynosa, and Piedras Negras — or, at a minimum, to bring them under the system of ‘protection contracts’ (company unions) that prevails in cities like Ciudad Juárez, Tijuana, and Ciudad Acuña.” The CFO is critical of Mexico’s official unions, noting that they have “traditionally been marked by corruption and sweetheart deals with management. Nonetheless,” the report states, “when they are weakened the rank and file is directly affected, as workplace gains won in prior eras are threatened and the companies are able to exert ever greater control over the workers.”

Virtually none of the phenomena described by the CFO are to be found in the official printed text of NAFTA policy documents. All, however, are central to the actual experience of life in the shadow of NAFTA. Alongside maquiladora firms, Mexico’s government and the official trade union movement play a role in tolerating the erosion of wages and working conditions in the post-NAFTA environment. The labor side agreement, which was crucial to securing the passage of NAFTA, has failed to produce any real protection for workers or concrete forms of redress for specific complaints. Meanwhile, the supposed benefits of NAFTA for working people have entirely failed to materialize.

“NAFTA should be renegotiated” argues the CFO, “to promote fair trade relations among Mexico, the United States, and Canada. A new treaty should assure just treatment for workers and full enforcement of the labor laws of each country.” The group also supports the adoption of the “Alternatives for the Americas,” developed by labor unions and civil society organizations grouped together in the Hemispheric Social Alliance in response to the proposed Free Trade Area of the Americas, which would essentially extend NAFTA throughout the Western Hemisphere.

In conclusion, states the CFO, “as workers in the maquiladoras, we ourselves must take responsibility for helping our fellow workers to understand that we have rights and dignity and that we must fight to put them in effect. Given the lack of support and outright repression that we face from most union leaders, labor authorities, supervisors, and maquiladora owners, our efforts to promote education and organization are based on the strength and determination that flows from every worker, every line, and every plant.”

I. Introduction

Thirty-four years of NAFTA

As workers in the maquiladora⁽⁴⁾ industry along the Mexico-U.S. border, we believe that we have been living under a free trade agreement for thirty-four years, ever since the first export-processing plants began to arrive in Mexico. Since that time these factories have enjoyed highly advantageous terms for the importation and exportation of goods and materials. The North American Free Trade Agreement (NAFTA), signed by Mexico, Canada, and the United States, went into effect in 1994, representing a culmination of this policy of trade liberalization — for which the maquiladora industry was an important precursor. For workers, the final years of this millennium have signified a dramatic worsening of our working and living conditions.

A big lie

NAFTA eliminates trade barriers between our three countries. Before it was signed it was said that it would help to improve the economic situation of Mexico. To build support for NAFTA at home, the government of Carlos Salinas de Gortari⁽⁵⁾ argued that Mexico would become a “First World” country. The negotiators of this agreement promised that it would bring better jobs and higher income levels to our three countries. Our experience over the past six years has shown that these promises were deceptive. NAFTA was designed to promote the interests of large corporations and the small circles of financiers and government officials who make the decisions about the economies of our three countries.

Every advantage for the maquiladoras

1. The raw materials and machinery used by the maquiladoras are imported, and the goods they produce are primarily destined for the U.S. market. Since fewer than 3 percent of their inputs come from Mexico, the maquiladoras do not stimulate the development of other small or medium-sized industries in the Mexican cities where they are located. Companies that have moved their production operations from the United States to Mexico, or that subcontract with maquiladora firms, avoid paying wages that are ten to twenty times higher in their own country. In Mexico, they also enjoy exceptionally favorable treatment by the government. The plants and industrial parks where the maquiladoras are located all benefit from utilities and infrastructure that were built by Mexico’s municipal and state governments. Once they are established, maquiladoras pay no taxes on their working capital. Nor do they pay Mexico’s value-added tax or tariffs on imported raw materials. Over time, Mexican legislation regarding foreign investment has become continuously more relaxed, offering the maquiladoras even more incentives to establish themselves in our country.

2. Even after 34 years, the maquiladoras are not obliged to ensure that they can compensate their employees fairly and responsibly if they close down⁽⁶⁾. That is why there are so many fly-by-night firms with minimal assets. When they see that workers are sticking up for their rights, they shut down from one

day to the next, and no one obliges them to fulfill their responsibility to compensate their employees. Ostensibly, maquiladoras operate within the same legal framework as other sectors of Mexican industry. In practice, however, Mexican labor authorities have winked as maquiladora firms have systematically violated basic rights, including the right to organize and bargain collectively, the right to profit-sharing and overtime pay, and many others.

The lowest wages, the wealthiest firms

In return for such favorable treatment, the maquiladoras pay the lowest wages in Mexican industry: from \$28 to \$45 a week, or even less, including so-called "bonuses." Such wages are absolutely inadequate for covering basic family expenses. Many of the maquiladoras are subsidiaries or subcontractors of multinational firms with some of the highest profit margins in the world, which makes it even more offensive that they pay so little to their workers. We know from our own experience that huge companies like Delphi, General Electric, Alcoa, Lucent Technologies, Panasonic, ADFlex, and many others reap enormous benefits from paying such low wages at the border. Their profits are enormous, and so we know that they can and should pay decent wages and offer working conditions that respect our human dignity.

An unstable source of employment

1. The maquiladoras have brought jobs to our border towns. As a result, the border has not suffered as directly as the rest of the country from some of the grave consequences of Mexico's various economic and financial crises, particularly the drastic rates of unemployment and underemployment. Nonetheless, these jobs — which we need and want to maintain — are not the panacea our government claims. Mexico needs a million new jobs every year; in 34 years, by contrast, the maquiladoras have created a total of 1.1 million jobs.

2. Furthermore, these jobs are highly unstable. The intensity of international competition has created substantial pressures to reduce costs and increase productivity, resulting in turn in a process of constant change inside maquiladora plants. Continual openings, closings, and sales of companies, corporate mergers, and related phenomena all mean that production operations are constantly being modified. Workers face constant reassignments of their production lines and positions, as well as frequent layoffs and an ongoing erosion of their labor rights and gains negotiated through collective bargaining. Overall, our situation is one of perpetual insecurity in that we never know how long our jobs will last.

NAFTA: The die is cast

Since long before NAFTA, the neoliberal economic policies pursued by successive PRI governments⁽⁷⁾ resulted in a sharp decline in investment in agriculture oriented to domestic consumption, a reduction in public expenditures, the privatization of growing numbers of public enterprises, and the promotion of an export-oriented economy. These policies have gravely undermined Mexico's productive capacity, leading in turn to unemployment and underemployment for millions of Mexicans. Government officials have become obsessed with attracting foreign investment to the maquiladora sector, which nonetheless has failed to compensate for the overall loss of jobs. As a result, thousands of people continue to cross the border to look for work in the United States. The privatization of Mexico's national health system, electricity, and the oil industry, to name just a few examples, are other manifestations of this neoliberal policy framework, which NAFTA has served to reaffirm and consolidate. Through NAFTA, the neoliberal approach to economic policy has been locked in.

Without the workers

In the negotiations over NAFTA, the Mexican government not only accepted conditions that were injurious to both agricultural and industrial production, it also avoided addressing labor's concerns. Issues like wage levels or working conditions were not included in the negotiating agenda — to allay any fears by U.S. elites that Mexico would create obstacles to investment, or that foreign firms would be met by workers' protests. Since the passage of NAFTA, the Mexican government and the official labor movement have only deepened their complicity with the investors and large corporations that own the maquiladoras.

The labor side agreement

Pressure from social movements in the three NAFTA countries obliged the government negotiating teams to create a side agreement, known as the North American Agreement on Labor Cooperation (NAALC). The strongest remedy possible under NAALC is a recommendation for consultations regarding specific cases by the labor ministries of the NAFTA countries. Officially, each of the three NAFTA countries has a National Administrative Office (NAO) that can hear complaints against specific companies regarding violations of NAALC. In practice, however, only the U.S. NAO has pursued complaints against maquiladoras, such as those filed against Sony, Han Young, and other firms. These complaints have served to call public attention to problems in certain maquiladoras. The Mexican government, for its part, uses the mechanisms created by NAALC, such as public hearings or workshops on topics like women and occupational health, as a smoke screen, seeking to create the impression internationally that it is enforcing its own labor laws. Real maquila workers, however, are not invited to these events.

II. The end of the mirage: Six years of NAFTA in the maquiladoras

Wages take a nose-dive

1. In Mexican manufacturing, real wages have fallen by more than 20 percent since 1994, according to official figures. For all workers, the decline was 34 percent between 1994 and 1998. While it is true that the decline suffered by maquiladora workers has been less severe, our loss of buying power has been enormous, given the incessant increases in the cost of basic necessities. The cost of the official "market basket" of food, housing, and essential services has risen by 247 percent since 1994. Many products, including gasoline, telephone service, milk, chicken, bread, and even beans, are more expensive on the Mexican side of the border than on the U.S. side. For us, simply feeding our families is becoming more difficult every day.

It is not only that real wages have remained stagnant overall, failing to keep pace with inflation; wage levels have also come under attack wherever they are over the threshold considered competitive by the maquiladoras. At the beginning of 1998, ceding to concerted lobbying by the maquiladora industry, Mexico's federal government imposed two-tiered wages on maquiladora workers in Matamoros, Tamaulipas, by introducing a new type of contract that gives new hires a wage of 50 pesos per day (U.S. \$38 per week). This was a unilateral reversal of wage levels negotiated as far back as 1982, when workers organized to win wage increases of 100 percent and a 40-hour week. Under this two-tiered system, workers with seniority in maquiladoras like Kemet, Deltrónicos, Philips, and many others are still paid an average of \$70 to \$80 a week — but the companies are trying to buy them off by offering them 100 percent of their legally mandated severance packages⁽⁸⁾. The companies then immediately hire new employees with longer hours and the new, lower wages. In some firms, like Autoindustrial de Partes, workers with twenty years of seniority have been offered severance payments in dollars to make voluntary resignation seem more attractive. When they seek employment in another factory, they automatically come under the new contracts: their

experience and seniority are now officially worthless.

In Piedras Negras, Coahuila, the firm Carrizo Manufacturing closed its doors in April 1999, after twenty-six years of operation. At Carrizo, after years of struggle some 70 percent of the line workers earned between \$60 and \$110 a week. Although the shutdown was unrelated to labor costs, it did have an impact on the former Carrizo workers, who had to find jobs in other maquiladoras paying much less. In cities like Matamoros and Piedras Negras, workers with more seniority have a great deal of experience, but they have also been debilitated by long years of working in the maquiladora industry. The companies prefer to hire very young workers, who are unaware of their labor rights and other human rights.

2. While pay at the border is low, the maquiladoras are paying still lower wages in Mexico's interior, including in some small towns or rural hamlets not too far from the border zone. Two years ago, when Dimmit, a garment manufacturer in Piedras Negras, needed to expand, instead of building more plants in Piedras Negras it opened a factory four hours away in Monclova, Coahuila. The workers in Piedras Negras feel threatened because several production lines have been transferred to the new plant in Monclova — where Dimmit is paying between \$24 and \$30 per week, 44 percent less than in Piedras Negras.

Smaller, more isolated towns are more attractive to maquiladora investors because people there will work for desperately low wages. Alcoa has also built a plant in Torreón, Coahuila, where it offers wages up to 40 percent lower than in Piedras Negras or Ciudad Acuña. A job that pays \$54 to \$65 a week in the latter town will pay only \$22 to \$30 in Torreón.

3. Each year, Mexico's federal government mandates increases in the minimum wage that are applicable to workers throughout the country. For Mexican-owned firms, these increases serve as a benchmark for cost-of-living increases for all workers. They are disregarded, however, by most maquiladoras. In Piedras Negras, companies like Findlay and Dickies, to name only two, simply ignore the increase, claiming that it is applicable only to the minimum wage, and not to workers who are earning twice the minimum or more, which includes nearly all maquiladora workers. When the companies cannot avoid giving an increase, each firm determines the amount for itself, without discussion⁽⁹⁾.

4. In other cases, maquiladora firms have granted wage increases in the form of a lump sum payment. In 1998, for example, Deltrónicos offered its workers a 23 percent increase, 20 percent of which was channeled through the payroll, while 80 percent was paid out up front as a lump sum. The workers accepted this arrangement because it appeared to offer them a windfall. Later, they realized that four-fifths of their "raise" was not reflected in the calculations of their pension, profit-sharing, or other fringe benefits, a practice that is illegal in Mexico. The same maneuver was also utilized, in slightly different form, by General Electric and Alcoa in Ciudad Acuña.

5. To eke out their wages and provide a little extra for their families, women workers are particularly likely to supplement their income from shift work by selling sweets or other goods during their breaks; by selling their blood to blood banks on the other side of the border; by selling products at weekend flea markets; and, sometimes, by casual prostitution.

Bonuses: A fictitious benefit

1. In most cases, the "bonuses" offered by many maquiladoras are a fictitious benefit that only serves to permit the companies to manipulate their workforce into working harder. Often, up to 50 percent of a worker's take-home pay is composed of so-called bonuses — rather than these sums being integrated into a decent wage. Alcoa pays a bonus of 400 pesos to workers who have not arrived at work more than five minutes late during the month. Even the five-minute rule represents an advance; a few months ago, workers might lose their entire bonus by arriving a few seconds late on a single day. With three late arrivals or one absence, workers also lose the right to loans that the company offers twice a year, in amounts of \$54 to \$217, according to seniority. There have been cases where workers have lost their bonus because they were waiting in line at the automatic teller machine, where they receive their pay.

In Tenn-Mex, a monthly bonus of \$30 is paid to workers with a "clean record" — that is, to those who have not asked for time off, sick time, or permission to leave the factory for any reason, including emergencies. Those who fall ill are expected to simply endure it. Further, calculations are based only on the calendar month; if a worker goes without absences from the 15th of one month to the 15th of the next, it doesn't count. The bonus system functions as a way of pressuring workers. An absence of a single day can cause the loss not only of a monthly bonus, but also of an annual bonus where they are given out.

2. Mexican law stipulates that wages must be paid in cash, expressly prohibiting payments in merchandise or scrip. Nonetheless, most maquiladoras pay these bonuses in merchandise or scrip, claiming that the workers benefit because taxes on these sums are not deducted from their paychecks. However, the companies benefit the most from these arrangements, because they register their workers with Social Security⁽¹⁰⁾ at a lower wage rate. As a result, it is the companies whose taxes are lowered.

3. Some "services" provided by the maquiladoras offer a very dubious benefit to the workers. In the rural community of Los Vergeles, workers were paying \$4 a week to use transportation provided by their employer, Maquiladora Sur — an amount equivalent to 15 percent of their weekly salary of \$26. Other benefits are discontinued at the whim of the company. In 1998, Alcoa paid a bonus of \$5 to its women workers on Mothers Day; in 1999, no such payment was made. Also in 1998, Alcoa had an on-site cafeteria, where workers had to pay for napkins and plastic forks along with their food. Even chili peppers were on sale for a nickel apiece. Practices in some maquiladoras are reminiscent of company stores that were widespread during the turn-of-the-century dictatorship of Porfirio Díaz, whose many injustices provoked the Mexican Revolution of 1910.

4. The annual distribution of profit-sharing benefits, while mandated by Mexico's labor code, has always been violated by the maquiladoras. Under NAFTA, many large corporations have seen huge increases in their profits. The amounts distributed as profit-sharing, however, have stayed stagnant or have been subject only to insignificant increases. In the case of Deltrónicos in Matamoros, each worker received \$82 in 1998, increasing to \$92 in 1999 — despite an enormous hike in profits for Delphi, the parent firm. In other cases, the maquiladoras simply fail to distribute profit-sharing payments, arguing that their operations are "cost centers," and that the company's balance sheets are not figured in Mexico.

5. The bad example set by foreign investors has been copied by some maquiladoras with a majority of Mexican ownership, such as Rassini. This auto parts firm located in Piedras Negras began as a quasi-public venture and later passed into private hands. Mexican president Ernesto Zedillo has termed Rassini a "NAFTA enterprise" on its way to becoming a "global enterprise." In 1999, however, the firm paid out 50 percent less in profit sharing than in 1998. The CFO has also received reports of pregnant women who have been laid off recently⁽¹¹⁾.

Increasing productivity by increasing exploitation

1. Inhuman production quotas

The pace of work in the maquiladoras has always been intense. Since NAFTA went into effect, however, we have clearly perceived how the companies are

defying the human limits of the workers. Extremely high production quotas make work into a forced march. We are pressured into extending our workdays and working double shifts. Although we were led to believe that NAFTA would allow the three countries of North America to share their best aspects, working conditions have not improved in Mexico; instead, they have worsened. Speed-ups take the worst toll on workers who are a little older and have worked in the maquiladoras a little longer. Only the youngest and strongest workers can withstand this intense pace of work, although they, too, suffer enormous stress.

2. *A "new culture of work": Giving more for less*

Many maquiladoras are demanding higher production quotas without offering any corresponding increase in pay. In recent years this aggravated exploitation has been touted as a "new culture of work," as companies seek to manipulate workers psychologically by exhorting them to improve quality and productivity. Both have thus become obligations that the companies impose on the workers.

3. *Cutting personnel while maintaining production*

In some maquiladoras, operations that previously were performed by two, three, and even four workers are now the responsibility of a single person. In Alcoa, the functions formerly distributed among a checker, an inspector, and a line worker are now the sole responsibility of the line worker. Needless to say, the wages formerly paid to the checker and inspector are not given to the line worker who is now doing the work of all three. Similarly, in Delnosa, a subsidiary of Delphi located in Reynosa, over the last year production lines have been changed over to "modules"; in the process positions have been eliminated and the number of operations performed by each person has increased. In addition, employees there now must work standing, rather than seated as they were before. These workers have also received no increase in pay.

4. *Production and quality*

Workers performing additional operations are expected to maintain or even increase their output — without any decline in quality. The companies reduce their costs by paying fewer salaries; the remaining workers are paid the same or even less to do more work. In textile and garment plants, such as Dimmit, the result is that individual workers are expected to increase their output by as much as 21 percent. Those who cannot comply while maintaining quality standards are called to the supervisor's office and pressured.

5. *Involuntary overtime*

In practice, throughout the maquiladora industry workers are expected to work nine hours of overtime each week, and more if the company requires it. Mexico's labor code stipulates that workers should receive double time for up to nine hours of overtime and triple time for more. In many maquiladoras, however, these provisions of the law are not honored. Deltrónicos, Delnosa, Rassini, Mercer-Mex, and many others are continuing to pay double time above nine hours. In Findlay, in Piedras Negras, not only is overtime pay not calculated correctly, but the factory doors are locked every afternoon from 5:00 to 7:00, Monday through Thursday, so that workers are effectively forced to put in two hours of overtime. A worker who does not wish to stay must ask permission and obtain signatures from as many as five people. Workers who leave without obtaining authorization are punished by a suspension without pay for up to four days. Some maquiladoras also violate the law by obligating workers to put in involuntary overtime on Saturdays or Sundays.

6. *Supervision through tyranny*

Supervision — the companies' mechanism for overseeing and speeding up production — has become harsher in recent years. Supervisors apply more intense pressure to workers, and ill treatment as well as various disciplinary and punitive measures are frequent. Supervisors act on their whims or show favoritism in giving out permission for absences or even to go to the bathroom. In General Electric in Ciudad Acuña, supervisors forbid the workers to turn their heads. In Maquiladora Sur, union personnel serve as foremen; they assist the supervisors and the workers must obey all of these authority figures. In many cases verbal warnings are not given before sanctions or punishments are imposed. Many companies, such as ADFlex in Agua Prieta or Alcoa in Ciudad Acuña, control bathroom breaks by using lists and badges. In Alcoa in Ciudad Acuña, workers are not allowed to leave the premises during their half-hour lunch break, which is illegal since this half hour is not paid by the company. Workers there have two ten-minute breaks, during which they are scolded by their supervisors if they try to eat anything on the shop floor.

7. *"Teamwork": Workers policing workers*

Teamwork is another method for extracting more from workers. In many maquiladoras, such as Findlay and Dimmit, groups of ten to fifteen workers perform a complete operation. Production bonuses are given out to the entire team, not to individuals; if the team doesn't qualify, nobody receives the bonus. As a result, within each team workers pressure each other to work harder. Since not everybody has the same level of skill, it can be difficult to meet production quotas. The team issues its own permits for bathroom breaks and makes certain other decisions, which allows managers to shield themselves behind the workers to avoid taking responsibility. When one team member is absent, the team is responsible for the same production quota, but the company keeps the missing person's pay for that day — neither the team or the individual receive it. For all of these reasons, we consider this type of teamwork to be an abusive system.

Living with stress

1. Health problems in the maquiladoras have been aggravated since the implementation of NAFTA. Over the past year, the CFO has undertaken a participatory assessment of health problems in the maquiladoras. We found that the list of problems is extensive, identifying more than forty different health problems that can be divided into thirteen categories of symptoms. Of all of these, we found that the single most significant problem is stress. Allergic reactions and problems with vision emerged in second place, followed by hearing impairment and headaches. Other common ailments we identified included musculo-skeletal, respiratory, reproductive, and circulatory problems, irritations of the skin, and more.

2. Stress, which is our top priority, is caused by many factors, including the intense pace of production imposed in the maquiladoras, arrogant treatment and sexual harassment by supervisory and management personnel, and the impact of poverty and family disintegration. Workplace hazards in the maquiladoras include not only stress but also toxic exposures and ergonomic problems. All of these are directly related to the intensified exploitation of workers that has resulted from NAFTA.

3. Although they deny it, the maquiladoras contribute to the health problems of their workforce. In Ciudad Acuña, with the pretext of avoiding food poisoning, Alcoa implemented a system of providing frozen meals in company cafeterias. This food is not only unpalatable, it has caused digestive problems for dozens of workers. Other working conditions with a negative health impact include poor temperature conditions, inadequate ventilation, and exposure to toxic substances and elevated noise levels without adequate protective equipment. All of these problems are common throughout the maquiladora industry. The reproductive rights of women workers continue to be violated on a daily basis by thousands of maquiladora firms that continue to impose involuntary pregnancy tests.

4. In addition, maquiladora firms routinely fail to report workplace accidents. Company doctors and nurses are used to conceal information from Social Security authorities, in order to avoid workers compensation costs. Thousands of workers with injuries or work-related illnesses are given cursory treatment and pressured to return to the line. As a result, many of them develop chronic health problems.

The maquiladoras, our children, and our communities

1. Our children are directly affected by the conditions fostered by the maquiladora industry. In most families, both father and mother must work, taking turns as best they can to care for their children. Child care services are scarce and inadequate; mothers must enroll their children on waiting lists that can last two years or more. Since not even two working parents are sufficient, many children must contribute to their families' income from a young age. The youngest children work in department stores, carrying bags for a tip, including during evening hours. Thousands of children as young as thirteen go to work in the maquiladoras, where their presence is obscured by the massive falsification of birth certificates, a practice that is tolerated and covered up by labor authorities and maquiladora firms alike.

2. Over the past thirty-four years, living conditions in our communities have improved very little. Most maquiladora workers live in shantytowns that lack basic services and decent housing. The Mexican government acts as if "development" were equivalent to the construction of more international bridges or more highways. All of this infrastructure, however, is for the exclusive benefit of the companies. In several border towns, one can see clandestine discharge pipes that come from the maquiladoras, close to the workers' neighborhoods, with their inadequate water and sewer systems. The 1983 La Paz agreement between Mexico and the United States required the return of toxic industrial wastes to their country of origin. As of the year 2000, however, this agreement will be superseded by NAFTA, affording less control than ever over the handling and disposition of industrial wastes. Even before the phase-out, the border environment has suffered permanent damage, which is not alleviated by the largely symbolic actions of publicity-conscious maquiladoras like Alcoa — which, in April of 1999, was "adopting" parks in Ciudad Acuña while continuing to dispose of wastes in the open air.

The offensive against workers and unions

1. In the name of NAFTA, the companies, aided by the Mexican government, are waging a tireless and surreptitious campaign of dirty tricks to stamp out unions in the maquiladoras. Their objective is to do away with unions altogether in those areas with the highest percentage of union representation — Matamoros, Reynosa, and Piedras Negras — or, at a minimum, to bring them under the system of "protection contracts" (company unions) that prevails in cities like Ciudad Juárez, Tijuana, and Ciudad Acuña. In Matamoros, the immediate goal is to replace the traditional Union of Laborers and Industrial Workers (Sindicato de Jornaleros y Obreros Industriales) with a competing union, the Industrial Union of Maquiladora and Assembly Workers, which is known for being more friendly to management. However, the corporations are unlikely to stop there. In June 1999, Toyota indicated it would only open a plant in Matamoros on the condition that the workers would be represented by a company union.

2. Throughout the border, the suppression of independent unions occurs with the complicity of a wide range of bodies, including official union confederations such as the CTM, CROC, and CROM⁽¹²⁾; local maquiladora associations; government labor authorities; and local, state, and federal government officials. The campaign of repression that has been carried out against workers at Han Young and their independent October 6 union in Tijuana, mass firings of workers at Custom Trim in Valle Hermoso when they sought to organize, and the underhanded attempts of the CTM to destroy an autonomous union at Carrizo in Piedras Negras are all examples of the suppression of labor under NAFTA. This repression has continued unchecked even when local Arbitration Boards or the NAO have issued rulings favorable to the workers.

3. Official unions in Mexico have traditionally been marked by corruption and sweetheart deals with management. Nonetheless, when they are weakened the rank and file is directly affected, as workplace gains won in prior eras are threatened and the companies are able to exert ever greater control over the workers. To date the official unions have failed to respond to the needs of the maquiladora rank and file, even though maquiladora workers pay between 3.07 and 5 percent of their wages in union dues. Furthermore, the official unions continue to lend their weight to the companies and the government as they seek to prevent workers from organizing. The official unions continue to say that maquiladora workers who fight for their rights are "agitators" who will "destabilize the maquiladora industry" and "scare off investors." Even when a plant has union representation, often the workers are not informed, and if they ask to see the union contract, the union representatives will not show it to them. Subcontracting is another way of evading enforcement of workers' right to organize.

4. The complicity among the companies, the government, and the official unions against the workers is very clear. For example, despite massive publicity, forums, and speakers, the government has taken no steps to put a stop to illegal pregnancy testing of maquiladora workers. No only do union representatives act as foremen on production lines, union leaders distribute blacklists and act in the name of the company to fire, threaten, and seek to control the workers.

Induced turnover and other deceptive hiring practices

1. The maquiladoras see a floating workforce as more advantageous, because the longer workers stay on the job, the more they begin to exercise their rights. Many companies are signing contracts with workers for only a month or two. Frequently, the companies close down operations or entire plants and then open them back up, sometimes on the same site, but with new personnel. Such "turnover" is designed to ensure that the maquiladoras can maintain total control over their workers.

2. Labor shortages are beginning to be felt in various border cities. As a result, firms that are known among local workers to be very undesirable have to resort to other means to attract employees. The maquiladora firm Rassini, for example, has gone as far as the state of Veracruz to recruit workers for its operation in Piedras Negras, promising them work and a place to live. When they arrive, they are not given housing but are lodged in barracks equipped only with cots, with no privacy whatsoever. Workers who are not lucky enough to get a cot or a blanket sleep on the floor, with nothing. A single stove is provided for everybody. When they discover that the living and working conditions are not what they were promised, many of these workers quickly return to their homes. Sometimes, the deception is even greater. In Ciudad Acuña, maquiladoras like Falcomex, Alcoa, and Dilsa have brought people from the south of the country with promises that they will earn \$110 a week, when in reality their pay will be no more than \$35.

The mirage moves south: The "maquilization" of Mexico

1. The rapid expansion of the maquiladoras into practically every state in our country has been launched without any consideration of the enormous social costs that these companies have imposed on the border over the past 34 years. The maquiladoras are a mirage that promises development but delivers only poverty and exploitation. What the Mexican government does not acknowledge is that the "maquilization" of our country is going forward under conditions that are even worse than those at the border. The maquiladoras are moving like wolves into cities and small towns in the interior of Mexico, attracted by even lower labor costs than at the border and an inexperienced labor force that has had no contact with workers at the border and knows little or nothing about labor rights. In some cases workers are not even enrolled in the Social Security system. In others, they live almost as slaves to the companies, whose buses arrive for them at 4:00 in the morning and bring them back at 7:00 or 8:00 at night.

2. So far, maquiladoras at the border have not been closing to move to the interior; rather, they have been expanding their operations. This is occurring with many maquiladoras in Piedras Negras and Ciudad Acuña, such as Dimmit, Carrizo, Alcoa, Macoelmex, Dickies, and La Carolina. Some new maquiladoras are also arriving and setting up shop in the interior right away; examples include Vergeles, Ampliación Vergeles, and Luis Echeverría in Tamaulipas and many others in the south.

III. Workers and the CFO Respond

Every line in every plant

1. For nineteen years, the women and men of the Comité Fronterizo de Obreras have confronted the maquiladoras, demanding our legal rights and winning many concrete gains that have improved the lives of many people. In the process, we have gained confidence, self-esteem, and new skills, and we have come to understand that we have the capacity to change our present working conditions for the better.

2. NAFTA has created conditions that make it more difficult for maquiladora workers to fight for our rights. Workers have less free time to spend with their families and to organize. The mirage of false promises offered by the maquiladoras means that in many zones of the interior, especially in rural areas, local residents welcome the maquiladoras with gratitude for the jobs they are bringing. On the border, we have known the maquiladoras for 34 years, and we are not satisfied. Here on the border, the companies face a culture of continuous, daily resistance — some of it spontaneous and much of it cultivated through many years of work by the CFO. When workers are unaware, they may respond with apathy; however, it is also true that most workers want to learn about their rights, share their experiences with others; and organize to improve their situation.

3. As workers in the maquiladoras, we ourselves must take responsibility for helping our fellow workers to understand that we have rights and dignity and that we must fight to put them in effect. Given the lack of support and outright repression that we face from most union leaders, labor authorities, supervisors, and maquiladora owners, our efforts to promote education and organization are based on the strength and determination that flows from every worker, every line, and every plant. Our methods of struggle span a range that includes slowdowns and other shopfloor actions, wildcats, officially recognized strikes⁽¹³⁾, and the creation of independent unions when desired by a majority of the workers — extending to dialogues with top executives of the maquiladoras' parent firms in the United States.

What we have won (and keep fighting for)

- Wage increases in some maquiladoras.
- Correct payment of overtime.
- Payment of profit-sharing benefits that have been withheld.
- An end to pregnancy testing in plants belonging to Delphi and Alcoa, among others.
- No work until we are given adequate equipment, including shoes, tools, thread, raw material, etc.
- Adequate safety equipment in some work places.
- An end to abusive language and treatment by foremen and supervisors.
- Relief in some cases from excessively high production quotas; some workers have won a say in setting fair quotas.
- The ability to take the vacation time, sick leave, and breaks that we are legally entitled to.
- Stopping management from taking away the chairs we sit in.
- Teaching other workers how to identify and recognize health risks on the job.
- Payment of fair settlements for injuries and for severance pay.
- No tax deductions from bonuses given as prizes.
- Proper treatment in Social Security clinics.
- Publicizing on the radio unjust treatment in the maquiladoras.
- Installation of ventilators and extractors in some plants.
- Organization of wildcats and support to strikes for higher wages and better conditions.
- Everyone on a line standing up for workers who are being abused or ill-treated by supervisors or foremen.
- Democratic election to local union leadership of people who will look out for the rank and file; in some unions controlled by the CTM, we have won nearly complete slates of local officials.
- Openly confronting blacklisting by union leaders and labor authorities. (Since they will not publicly acknowledge the existence of the blacklist, CFO pressure has won jobs in other factories for blacklisted workers.)
- Public exposure of union leaders who seek to deceive or abuse workers or misuse union funds.
- Showing our husbands (and wives) and children that our cause is a just one, and winning their support for our efforts.
- Helping women workers to increase their self-esteem.
- Publicizing the conditions we face in the maquiladoras, in speaking tours and national and international forums in Copenhagen, Beijing, Central America, Canada, and the United States.
- Testifying before the U.S. Congress and the Mexican government against inhuman working conditions and sex discrimination in the maquiladoras.
- Building solidarity with other groups that support maquiladora workers, along the border and throughout Mexico.
- Establishing ties and initiating ongoing alliances with unions, organizations, and networks, including the Mexican groups FAT⁽¹⁴⁾, RMALC, and CILAS and the United Autoworkers, Canadian Autoworkers, United Electrical Workers, AFL-CIO, Labor Notes, the Interfaith Center for Corporate Responsibility, the AFSC, and many others.
- Conducting dialogues with stockholders and executives of General Motors, Delphi, and Alcoa, urging them to respect our rights.

The CFO and NAFTA

In its 1998 workshop on NAFTA, the CFO reached the following conclusions:

- We do not support NAFTA because we do not receive any of its benefits. On the contrary, its effects are prejudicial to us. We also oppose this agreement because it was negotiated behind our backs.
- NAFTA should be renegotiated to promote fair trade relations among Mexico, the United States, and Canada. A new treaty should assure just treatment for workers and full enforcement of the labor laws of each country.
- Mexico's labor code should be fully enforced, and the government's labor authorities as well as unions should defend the authentic interests of workers.
- We need to share information about NAFTA directly with other workers.
- We also need to publicize the work of the CFO more broadly.
- We will work with RMALC and other organizations in the three NAFTA countries in order to contribute to the creation of alternatives to "free trade."
- We need to influence the governments of Mexico and the United States by making the voices of workers heard regarding our situation and our proposals for change.
- We need to develop strategies that permit workers to confront NAFTA and the conditions in their factories without being fired.

The CFO believes it is necessary to fight to stop free trade agreements and economic globalization when they affect workers negatively. As a grassroots workers organization on the Mexico-U.S. border, we intend:

- To educate and organize more maquiladora workers.
- To renegotiate NAFTA so that workers have a voice in its development.
- To reject the proposed Free Trade Agreement of the Americas, and in its place adopt the Alternatives for the Americas developed by fair trade networks of our hemisphere.
- To develop international strategies for grassroots organization to combat corporate-controlled globalization.
- To defend the historic gains of workers that are codified in Mexico's Federal Labor Law.
- To work for the implementation of the conventions of the International Labor Organization.
- To oppose the "Millennium Round" of the World Trade Organization (WTO), and instead evaluate the impact of WTO policies; in addition, to support the formation of a WTO working group to explore the relationship between trade agreements and labor rights.

List of Maquiladoras and their parent firms mentioned on this report:

Maquiladora	Parent Firm	Location
ADFlex	ADFlex/Innvamex	Agua Prieta
Arneses y Accesorios	ALCOA Fujikura	Ciudad Acuña
Autoindustrial de Partes	Stant Corp.	Matamoros
Carrizo Manufacturing	Salant Corp.	Piedras Negras
Custom Trim	Breed	Valle Hermoso
Delnosa	Delphi (antes GM)	Reynosa
Deltrónicos de Matamoros	Delphi	Matamoros
Dickies	Williamson-Dickie	Piedras Negras
Dylsa	Douglas & Lomason	Ciudad Acuña
Dimmit Industries	Galey & Lord	Piedras Negras
Aparatos Eléctricos de Acuña	General Electric	Ciudad Acuña
Falcomex	Irvin Industries	Ciudad Acuña
Findlay	Finley Industries	Piedras Negras
Han Young	Hyundai	Tijuana
Kemet	Kemet Electronic Corp.	Matamoros
Carolina Processing de Mex.	Carolina Services	Ciudad Acuña
Lucent Technologies	Lucent Technologies	Reynosa
Macoelmex	ALCOA Fujikura	Piedras Negras
Maquiladora Sur	(antes Salant)	Valle Hermoso
Mercer-Mex	Southwest Plastic Binding	Piedras Negras
Panasonic	Panasonic	Reynosa
Philips	Philips	Matamoros
Rassini de Piedras Negras	Rassini International	Piedras Negras
Sony Magnéticos de Mex.	Sony Corp. of America	Nuevo Laredo
Tenn-Mex	Tenn-Mex Inc.	Piedras Negras

* The CFO wishes to acknowledge the collaboration of Ricardo Hernandez of the American Friends Service Committee (AFSC), Antonio Bonifaz of Center for Labor Information (CILAS), and Andrés Peñalosa of the Mexican Free Trade Action Network (RMALC), for helping us to understand NAFTA. We also wish to thank Rachael Kamel for the English translation of this report.

(1) "No Guarantees: Sex Discrimination in Mexico's Maquiladora Sector", Human Rights Watch, New York, 1996. A follow-up report issued in 1998 found the practice was still widespread and charged the Mexican government with failure to investigate or address the problem, despite a complaint filed under NAFTA's labor side agreement. [Back](#)

(2) Figures are current as of September 1999. [Back](#)

(3) Mexican firms are legally required to distribute 10% of profits annually among their workforce. [Back](#)

(4) "Maquiladora" is a Spanish term for foreign-owned assembly plants, also known in English as "export processing" plants. [Back](#)

(5) Mexico's president from 1988 to 1994. [Back](#)

(6) Under Mexican law, firms that close down are legally required to pay severance benefits to laid-off workers, and their assets may be seized to satisfy this responsibility. It is not unusual for workers to

occupy plants to ensure that machinery and other assets are not illegally removed. [Back](#)

(7) PRI, the Institutional Revolutionary Party, held a monopoly on political power in Mexico for more than seventy year. Although it is still a dominant force, its exclusive control of the government has eroded in recent years. [Back](#)

(8) Under Mexican law, severance payments to laid-off workers must include one month's pay, plus three days each year of seniority, plus compensation for any unused vacation time. Maquiladora workers must commonly apply pressure to receive the full benefit they are entitled to. [Back](#)

(9) The official minimum wage currently runs between 39.4 and 41.5 pesos a day (US \$4.28 to \$4.51). [Back](#)

(10) Mexico's comprehensive social insurance program, administered by the Mexican Social Security Institute, covers health care, disability, worker's compensation, and pension benefits. (((Each worker's coverage is funded by a combination of payroll deductions and employer contributions that are based on wage levels.))) [Back](#)

(11) The practice of laying off pregnant maquiladora workers to evade maternity benefits has been extensively documented by Human Rights Watch, with the assistance of the CFO and other Mexican organizations. [Back](#)

(12) The Confederación de Trabajadores Mexicanos (CTM, Confederation of Mexican Workers) is Mexico's largest labor confederation and the best known in the United States. Other officially oriented confederations include the Central Regional de Obreros y Campesinos (CROC, Regional Federation of Workers and Peasants) and the Central Revolucionaria de Obreros de México (CROM, Revolutionary Federation of Mexican Workers). [Back](#)

(13) Under Mexican labor law, when strikes are officially recognized by labor authorities, the company must continue pay wages to striking workers. [Back](#)

(14) FAT, the Frente Auténtico de Trabajo (Authentic Labor Front) is an independent trade union confederation. [Back](#)

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www.cfomaquiladoras.org is produced in cooperation with the
Mexico-U.S Border Program
of the American Friends Service Committee (AFSC)



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