

Index

		Page
1.	Preliminary Remarks	3
2.	Mexico – General Information	4
3.	Economic Situation	5
4.	Trade Union Structures in Mexico	6
4.1	Unionisation and Membership	6
4.2	Trade union structure	7
4.2.1	„Official“ Trade Unions	7
4.2.2	Independent or reform-oriented trade unions	8
4.2.3	Employer-friendly „white“ trade unions	9
4.2.4	Miscellaneous	9
4.3	Trade unions in companies and society	9
5.	Report on the Stops made during the Mexico trip	12
5.1	Mexico City	12
5.1.1	Kone	12
5.1.2	ABB	12
5.2	Ciudad Juarez – Production zone for the US	13
5.2.1	Thomson Multimedia (TMM) / RCA	14
5.2.2	Philips	14
5.3	Puebla	15
5.3.1	Industrial estate FINSA	15
5.3.2	Seglo	17
5.3.3	AMESA	17
5.3.4	Activities in the FINSA industrial estate	18
5.3.5	Street children projects in the Puebla area	19
Annexes:		
Annex 1:	Companies in the industrial estate FINSA	20
Annex 2:	Automobile Companies and trade union representation	21
Annex 3:	Structure of the Congreso de Trabajo (CT) / Trade unions and federations of the CT with the Highest membership figures / Structure of CTM	22
Annex 4:	System trade unions: Structure	23
Annex 5:	Federations and trade unions not belonging to the CT	24
Annex 6:	Index of abbreviations	25

1. PRELIMINARY REMARKS

The trip took place in the context of the Board meeting of the Volkswagen Group Global World Council in Puebla.

Its purpose was to gather information on developments in the trade union field in Mexico, keep in touch with Philips colleagues in Ciudad Juarez who shortly before had participated in the Philips World Conference in Amsterdam, prepare the ABB World Conference and make contact with additional unions in ABB, Philips and Kone companies.

In Ciudad Juarez, which is located in northern Mexico on the US border, a programme was organised by colleagues from CETLAC (Centro de Estudios y Taller Laboral). This organisation, founded by the FAT (Frente Autentico del Trabajo), stages seminars and advises and supports workers who turn to it. It receives subsidies from the AFL-CIO (USA) and the Canadian CAW and maintains close ties with the International Union of Electronic, Electrical Workers (UE/USA) and with the US steelworkers union (USWA).

Efforts to establish contact were not always successful. For example, an appointment for a talk with representatives of an independent trade union in a Philips company based in Monterrey literally fell through. Although Everardo Fimbres (IMF-Project Mexico), who was accompanying me, rang the trade union office from the meeting point to reconfirm the time, the colleagues failed to show up and left us in the lurch.

In Puebla, the site of the Volkswagen company, Volkswagen Mexico arranged for an information talk with the management of the industrial estate FINSA, which plays host to a great many firms that primarily work for VW. The visit was rounded out by meetings with colleagues from the trade unions AMESA (Siemens) and SEGLO (the Schnellecke firm) as well as tours of the street children projects supported by VW colleagues in the Puebla area.

The results and knowledge gleaned from these conversations will be laid out in the following report, supplemented by further information and a few personal evaluations. A separate report will be drawn up on the content and discussions of the meeting of the Executive Committee of the Volkswagen Global Works Council.

As far as the implementation of the programme was concerned, I was supported for both the content and the organizational side by the IMF project in Mexico, and benefited from the support of the Friedrich-Ebert Stiftung office in that connection.

2. Mexico – General Information



Area	1.953.162 km ² (World Ranking: 14)
Inhabitants	95.846.000 (1998) (World Ranking: 11)
Inhabitants per km ²	49
Capital	Ciudad de México (Mexico-City)
Structure	31 States and the capital = Federal District
Official Language	Spanish
Gross National Product (1998)	3.840 US-Dollar per inhabitant
Political Structure	President and Prime Minister: Vicente Fox Quesada Direct election of head of state in a 6 years turn (re-election not possible)
Political system	Federal Republic since 1917 Constitution of 1917 with amendments, the latest in 1994
Parliament	- Parliament (Cámara Federal de Diputados) 500 Members elected every 3 years - Senate (Senado) 128 Membes elected every 6 years
Right to vote	With the age of 18 years / married with 16 years of age

Information above from: Fischers Weltalmanach, 2001 - edition.

3. Economic situation¹

On 1 January 1994, the North American Free Trade Agreement (NAFTA) between the US, Canada and Mexico entered into force. Despite a setback due to the peso crisis in 1994/95, the overall economic situation has stabilized. However, there has been no improvement in social terms; on the contrary, the 1980s trend towards a decline in real income has continued.

The job market situation has also deteriorated. Although the official unemployment rate has fallen to 3 per cent, this figure is not very meaningful, since only those who work less than one hour per week without regular employment are classified as unemployed.

The scope of underemployment in Mexico is clearly reflected by the fact that some 50 per cent of the working population is employed in the informal sector and has no formal social protection. The gap between the number of jobs that are needed and the number of jobs that are actually created has widened. In the 80s, this gap only amounted to about one half, whereas in the 90s only about one third of the jobs needed were actually created. Only the migration of 18 million Mexicans to the US (of whom at least 4 million are illegal) has made it possible to "defuse" the explosive situation which has arisen on the job market. Normally, 1 million new jobs would have to be created every year to keep pace with demand for jobs.

Only some 50 per cent of all persons employed in Mexico have a formal working contract (around 24 million). When viewed on an international pay scale, Mexican workers are way down near the bottom of 100 countries. Whereas in 1980 the average hourly wage stood at US\$ 2.20 (e.g. one-third higher than in the South-East Asian emerging countries), today it only amounts to one-third of wages in these countries.

Mexico is of special interest to a host of multinationals as a gateway to not only the North American market but also the entire Latin American market. Owing to the less favourable general conditions for direct investment by foreign companies, Mexico with US\$ 13.5 billion (2000) lagged far behind Brazil, where US\$ 30 billion were invested that same year.

German companies (automobile, metalworking, electrical and chemical industries) are almost all represented with production sites in Mexico. According to statistics (accumulated figures for 1994 - 2000) provided by the Mexican Ministry of Economics, Germany is the sixth biggest direct investor in the country with a total of US\$ 2.63 billion, behind the US (US\$ 46 billion), the Netherlands (US\$ 5.2 billion), Japan (US\$ 3 billion), Canada (US\$ 2.93 billion) and Great Britain (US\$ 2.84 billion). Within the EU countries, Germany is in third place, followed by Spain (US\$ 1.35 billion) and France (US\$ 0.77 billion).

At the end of 2000, some 773 firms with German capital were active in Mexico, i.e. 3.9 per cent of all registered companies in the country with foreign capital. German investors hold a majority stake in 651 firms (84 per cent of all firms with German

¹ Chapters 3 and 4 are based on the "Trade union report of the office of the Friedrich-Ebert Stiftung in Mexico", Mexico City, February 2001.

capital) and have a minority share in the remaining 122 companies (16 per cent). Of these, 309 companies are located in Mexico City (40 per cent), 119 in the federal province of Mexico (15 per cent), 63 in Quintana Roo (8 per cent), 55 per cent in Puebla (7 per cent) and 44 in Jalisco. The remaining 183 companies are spread out in the remaining 27 federal provinces, primarily in the maquilas to the north on the US border.

Of the companies with German capital, some 40 per cent are in the processing industry, 33 per cent in the service sector, 22 per cent in trade, 2.2 per cent in the building industry, 1.3 per cent in mining and 1 per cent each in communication and farming.

Germany is not only the sixth largest foreign investor but also Mexico's third largest trading partner, albeit far behind the US, which by itself accounts for 88 per cent of foreign trade with Mexico, and Canada.

4. Trade union structures in Mexico

The election victory of Vicente Fox and his right-wing conservative opposition party PAN (Partido de Acción Nacional) ended 71 years of the corporatist state system, dominated by the previous government party PRI (Partido Revolucionario Institucional). It could also spell the end of the official trade unions, which can no longer count on a State President who is favourably disposed towards them. On the other hand, it could also lead to a reform of the trade union system.

It is not yet clear to what extent the new government actually intends to do this. There are already rumours as to a secret meeting between the Fox administration and the existing system trade unions, in which a sort of "armistice" was supposedly agreed because Fox reportedly wants to avoid at all costs heating up the political situation right now by an open war with the trade unions and has therefore come to an agreement with the trade unions.

A change in the labour law has already been announced but will probably be some time coming. This could provide an opportunity for democratisation of the present official trade unions, but could just as likely spell a change in labour law leading to a significant worsening in working conditions for the trade unions and an even greater decline in their political influence.

4.1 Unionisation and membership

Based on official but somewhat imprecise statistics, membership for the Mexican trade unions has declined some 30 per cent over the past decade. According to statistics provided by the Ministry of Labour, as of 5 May 2000, 1,111 trade unions were registered or approved. Although these organisations have an estimated 1.5 million members, 130 of the registered trade unions do not provide any information on membership figures.

Some 932 trade unions belong to one of the 30 trade union federations, while the remainder (179) classify themselves as independent.

Independent research shows that the rate of union membership fell from 28.8 per cent to 22.8 per cent over the last decade of the 20th century, which means that within the NAFTA region, it lies between Canada (37 per cent) and the US (12.4 per cent).

4.2 Trade union structure

There are basically three main currents within the Mexican trade union movement:

- the "official" trade unions
- independent or reform-minded trade unions
- employer-friendly, so-called "white" trade unions

This structure will in all likelihood change considerably over the next few years.

4.2.1 "Official" trade unions

The "official" trade union movement comprises the existing State corporatist federations and individual trade unions belonging to the Congreso de Trabajo (CT - workers congress). These represent the lion's share of the existing Mexican trade unions. Through their direct connection to the State party PRI which was in power, these trade unions traditionally played a directly political role. They ensured the PRI of the political support of the organised body of workers above all in elections and in return could count on government protection and on preferential treatment when it came time to award official posts.

The CT, whose membership previously ranged from five to eight million (depending on one's political point of view), has proved to be a paper tiger. According to the latest official figures provided by the Ministry of Labour for 1999, its membership has shrunk to 916,000 (see Annex 3). The Congreso de Trabajo is no umbrella organisation; rather, it is a coordinating body which since its founding in 1966 has been dominated by the most powerful umbrella organisation, the CTM. Following the PRI's election rout, it may be assumed that the CT will lose a great deal of clout in coming years or might even be dissolved.

The CTM (Confederación de Trabajadores de México) has trade union affiliates in all major branches of industry and some years ago had between two and five million members. At present, however, the official membership figure is a mere 494,000.

Up until now, as a workers' sector (sector obrero), the CTM has been directly integrated in the PRI's party structure. However, the dissolution of this link could be only a matter of time. The first signs of a split in and the dissolution of the previous State party indicate that this could well happen.

The second largest umbrella organisation, CROC (Confederación Revolucionaria de Obreros y Campesinos), with 92,000 members (previously some 850,000), is above all present in the textile, building and foodstuff industries. Ever since its founding in 1952, this confederation has been vying with CTM, without however ever being able to dethrone the latter. In terms of political tendencies, there are only minor

differences between the two organisations. Like the CTM, the CROC has been directly linked to the PRI up until now.

Other umbrella organisations of lesser importance nationwide are CROM (Confederación Regional Obrera Revolucionaria) founded back in 1918 with some 32,000 members (previously approximately 400,000), and COR (Confederación Obrera Revolucionaria) with some 5,000 members (previously 150,000). The umbrella organisations CGT (Confederación General de Trabajadores) and the CRT (Confederación Revolucionaria de Trabajadores) are relatively minor players.

In the civil service, the key player is the FSTSE (Federación de Sindicatos de Trabajadores al Servicio del Estado). It has some 1.8 million members and is far out in front of the CTM (also based on figures provided by the Ministry of Labour). However, owing to its lack of unity and the special labour law provisions for the civil service (e.g. a ban on strikes), FSTSE has not been able to achieve political clout comparable to that of the CTM. A key player within the FSTSE is the teachers' trade union (SNTE), with almost 1.2 million members, which has displayed a limited readiness for reform.

4.2.2 Independent or reform-oriented trade unions

The strongest force within the spectrum of the independent and reform-oriented trade unions is the UNT (Unión Nacional de Trabajadores), the most important umbrella organisation which is not affiliated to the Congreso de Trabajo. With less than half a million members, the UNT represents a relatively small but strategically important segment of the Mexican workers. It encompasses the trade union for telephone workers (STRM), one of the most flexible trade unions in terms of economic modernisation. However, like the previous system trade unions, it suffers from a rigid hierarchical organisational structure and a possibly serious lack of internal democracy.

Despite its relatively small numbers (some 27,000 employees), STRM dominates the UNT's image with the public thanks to the enigmatic personality of its General Secretary.

With still around 100,000 members, the social security trade union SNTSS is the second largest trade union and by far the strongest individual trade union within the UNT. Although it is more democratically structured on the whole than the STRM, unlike the former, it is still beholden to completely outmoded anticapitalistic ideas and has to date vehemently opposed all market economy reforms within the social security system. Notwithstanding, a pension reform based on the Chilean model was introduced into the private economy, thereby drastically reducing this trade union's clout.

The third player within the UNT is the university trade unions, which have traditionally been very close to the socialist position.

In addition to the UNT, within in the reform-oriented trade union sector the leftward leaning FAT (Frente Auténtico del Trabajo) is of limited national importance but takes relatively moderate stances. It has some 20,000 members.

Also worthy of note is the trade union federation FESEBS, whose individual trade unions also belong to UNT (see Annex).

4.2.3 Employer-friendly "white" trade unions

The third major current within the Mexican trade union system consists of the employer-friendly "white" trade unions (*sindicatos blancos*), which are concentrated in northern Mexico in the industrial region of Monterrey, where they represent the lion's share of the workforce.

They came into being in the late 1930s at the initiative of large-scale entrepreneurs in the area as a counterweight to the CTM, and led in turn to the trade union federations FNSI and FNSA, which in recent years have also spread to other parts of the country and under the entrepreneurially-oriented Fox government could well take on greater importance within the trade union scene. Fox himself was a manager for Coca Cola before embarking on a political career.

Since most of the trade union officials of the "*sindicatos blancos*" are appointed by the companies, the "white" trade unions must be ruled out as a democratic alternative to the existing official trade union movement. There is a danger that these trade unions could grow in importance and undermine the building of an independent national trade union movement with regained clout.

4.2.4 Miscellaneous

In addition to the large umbrella organisations, the national industrial trade unions have great clout, particularly in the sectors of natural gas (STPRM, some 98,000 members), mining and metalworking (SNTMMSRM, some 120,000 members), electricity (SME, some 45,000 members). Of these, however, only STPRM belongs to CTM. The others are autonomous organisations and have kept their distance from parties and the present PAN administration ever since the PRI's electoral rout.

4.3 Trade unions in companies and society

Collective bargaining as we define it seldom takes place in Mexico, and especially not where the "official" trade unions are represented. Negotiations are usually handled between trade union management and company management, and most often shut out the workers concerned. In many companies, employees are not even aware that there is a trade union. Secret negotiations lead to agreements (*protection contracts - contratos de protección*) which satisfy legal requirements but have nothing to do with collective bargaining policy in the true sense of the term. In the past, the CTM used to excel in this variety of collective bargaining policy. It is to be hoped that in the future, trade union competition will lead to better, more transparent collective bargaining agreements.

German companies take an approach quite similar to the one used in other companies operating in Mexico. There is a strong aversion to trade union membership, not only in the small and medium-sized companies but also in the large firms. DaimlerChrysler and BWM have protection contracts with the CTM, and Siemens in Puebla reportedly has a similar agreement with the CROC. In VW, there

is an independent trade union. Up until now, however, a practice which in general may be deemed "trade union cannibalism" has prevailed. This means that no re-election is possible and after four years the entire trade union management team is not only dissolved but also dismissed from the company, with good compensation and in agreement with the company management and the newly elected trade union management team. Up until only a short time ago, the ban on re-election was enshrined in the statutes of the VW trade union. After a strike which broke out a few years ago over a list of candidates being defeated in the election, the union's statutes were amended. To date, however, even though the statutes now allow for this, no trade union management team has ever managed to be re-elected in practice.

The State's influence on the trade unions has declined since the change in government. The government party can no longer directly pressure an affiliated trade union. PAN has no trade union wing (and as the employers' party certainly does not want this) and is possibly thinking of further weakening the trade unions by changing labour legislation (a complete new set of labour laws is being drafted).

The PRI, which is now in the opposition, probably no longer has complete control over its workers sector and will have to come to grips with an estrangement from the trade unions which are still affiliated to the CT workers congress.

The third largest party, the PRD, has many sympathisers within the trade union movement but wields very little influence on the trade union organisation.

The chances for greater trade union autonomy are thus better than they have ever been since the 1930s. However, it remains to be seen if the trade unions will take advantage of this opportunity to proceed with an urgently needed restructuring and reorientation.

Internal trade union democracy has hardly progressed in any organisation. Nor has it moved ahead in the reform-oriented trade unions, where those at the top try to hold on to such power indefinitely, just as in the existing system trade unions. Elections and appointment by acclamation have generally been the rule, while secret ballots have been the exception. This could perhaps change as a result of the new situation above all in the existing system trade unions.

As far as the workers are concerned, the existing system trade unions have accepted and taken advantage of the tripartite system until now. They also had a national committee for the treatment of minimum wages eating out of their hand. The trade union representatives served the PRI administration, giving their blessing to bills which met with the government's approval.

The presence of trade unions in the economic and political life of Mexico has declined further in the year 2000, above all the presence of the system trade unions. One symptomatic factor in this respect is the decline in their representation in the national Congress: whereas in the 1979-82 legislature there were still 86 PRI deputies representing workers who accounted for 22 per cent of the people's representatives, in 1997-2000 there were only 41 such PRI deputies (8 per cent) and since the elections on 2 July 2000 a modest 24 PRI MPs (4.4 per cent) representing workers (plus one for the PRD). With the transfer of power from the PRI to the PAN, the corporatist social system that has been built up could well collapse.

This could be viewed as a major opportunity to renew and revive the country's once mighty trade union movement which used to be one of the most powerful in Latin America. However, such a movement would have to rely on new structures that would have to be built up. Reformed trade unions with the "old" structures and names could end up being rejected by the employees, as has been the case in some of the former East bloc countries. The CTM and the Congreso de Trabajo are outmoded models for controlling a constantly splintering trade union scene. The UNT, which was founded in 1997 to counter these official trade unions, has never managed to consolidate itself as an alternative force and has hardly attracted any new trade unions since the beginning. The same holds true for the FAT.

However, the crippling shackles of the old system were formally thrown off on 1 December 2000, the "charrismo sindical" ("trade union cowboy") is dead, and the vacuum must now be filled as quickly as possible.

The proximity to the PRI and the related strong nationalism have now been thrown off by a majority of the trade unions, which are seeking to develop an international outlook and to create a distinctive image for themselves despite their relative weakness. The degree of involvement of national trade unions and federations has therefore been low. The CTM is now the Mexican member organisation within the IBFG and its Latin American regional organisation, the ORIT. A positive decision to accept the UNT's membership application to the ORIT has been blocked by the CTM. A few other trade unions are members of the corresponding IBS (e.g. within the IMF).

5. Report on the stops made during the Mexico trip

5.1 Mexico City

5.5.1 Kone

Kone has a small site in Mexico City which primarily deals with the administration, sale and maintenance of hoists. Some 125 employees in this site belong to the company trade union, which is independent.

The talks with the company trade union management primarily focused on the need for international cooperation. The colleagues were briefed on the efforts to create a Kone World Works Council and a worldwide information network, in order to clarify its attitude and its readiness for cooperation.

The colleagues voiced their opinions in a very cautious and reserved manner. It was clear that up until now they had had little to do with such questions. Rather, they asked for more information on the intended projects and discussed the possibility of a seminar for the Delegados Sindicales so as to bring them into the discussions. At several points in the discussion, the point was made repeatedly that no confirmation could be given without submitting the matter to all members for discussion and a decision.

With regard to a seminar, I gave a positive commitment, since the need for an intensive briefing of the Mexican colleagues had already been discussed with the Finnish colleagues prior to the visit, and the implementation of a seminar had already been more or less agreed. As for the preparation and continuation of the discussion at the company level, I promised the colleagues to send a seminar concept by mid-2001.

5.1.2 ABB

ABB has a total of three plants in Mexico. According to our information, only one of these plants, the one located in Mexico City, is unionised. Although the company trade union belongs to the CTM, it has been accused of criticising the national CTM management.

The visit helped to prepare a possible invitation for this trade union to take part in the planned ABB World Conference in late March in Mannheim. The discussion showed that the trade union is clearly linked to the CTM structures. Statements like "The personnel department provides us with an overview of companies in Mexico" left considerable doubt in the final analysis as to the organisation's independence.

5.2 Ciudad Juarez - production zone for the US

With over one million inhabitants, Ciudad Juarez is one of the largest cities in Mexico, after the Mexico City colossus. It is located in the federal province of Chihuahua in the north and borders directly on El Paso on the US side.

A host of companies have located in Ciudad Juarez under the maquiladora concept. These companies produce almost exclusively for the US market. Products are trucked directly across the border to the US.

It is estimated that these plants, which primarily deal with electrical and electronic companies, including automobile subcontracting firms, employ some 250,000 workers. The unemployment rate for the region is +/- 0 per cent. Workers are signed up from far inside the country, and employees often bring family members along, for which they receive a bonus.

The concept of the maquiladoras does not stop with a large interconnected industrial zone which is comparable to industrial estates in European countries and cities. Rather, these are privately operated, smallish estates in which sometimes only a few firms have settled. In extreme cases, there is only a piece of land on which a single company has settled. An industrial estate management team looks after the estate infrastructure, offers sites and usually builds industrial buildings that meet the customer's needs in new or existing, unoccupied premises. These buildings are virtually all leased. After a minimum lease period, customers can revert to a normal period of notification of several months. The only exception in Ciudad Juarez is General Motors, which insists on owning its land and buildings.

A few estates are located right within the city limits and as such do not stand out because the company premises fit into the normal house fronts; others are fenced in and may only be entered through a central gate, often controlled by a security service.

The "infrastructure" provided by the industrial estate owner or the estate management team varies significantly, ranging from the provision of company premises and the upkeep of streets to the handling of the selection of employees on the basis of the criteria and skills communicated by the customer. As candidate screening procedures are often very lax, there have already been some cases involving child labour but mainly young women, often with forged certificates and identity papers.

Already back in the early 1980s, major real estate owners in the region turned part of their previous agricultural land holdings into sites suited to companies looking to set up. This policy was consistently supported by the then mayor and promoted by the granting of special conditions (e.g. tax law]). Over the years, the maquilas grew and the number of people employed there increased by an average 10 per cent. Today, goods are produced in some 260 maquilas in Ciudad Juarez. In Tijuana (located south of San Diego in California), it is estimated that there are some 1,200 maquilas.

The degree of unionisation in these maquilas is estimated at 17-18 per cent. This concerns almost exclusively one of the two "State-supporting" corporatist trade unions, broken down as follows: around 70 per cent for the CTM and 30 per cent for the CROC.

Some European companies also operate in the Ciudad Juarez area, including the two French groups Thomson Multimedia and Valeo, Philips from the Netherlands and Bosch from Germany.

Since October 2000, there have been a few plant closures, brought on by the weakening US economy. This primarily concerns companies active in the field of electronics and automobile subcontracting.

5.2.1 Thomson Multimedia (TMM) / RCA

Thomson employs just under 3,000 persons in Ciudad Juarez in two separate firms (probably four companies). There is a trade union committee that is affiliated to the CTM. As a result of lay-offs and the inactivity of the trade union committee, a few conflicts have already arisen in the companies.

It was not possible to obtain more precise information because up to now none of the female or male colleagues employed by Thomson has turned to the CETLAC. However, the trade union committee has contacts with the CGT/France. A CGT study group, which supposedly also includes male and female colleagues from TMM France, has been in operation for a few months.

5.2.2 Philips

Philips employs some 13,000 workers in several plants in the Ciudad Juarez area.

In the plants, there are so-called Delegados, who belong to the CTM. To date, these delegates have apparently never been elected; rather, they are "appointed" by the firm on a regular basis. Collective bargaining agreements as such are not known to the staff, and are not even submitted for approval. At the same time, there has never been any question of employees discussing and voting on collective bargaining rounds and demands for the collective bargaining negotiations. As a result, in the past there have always been attempts to circumvent the trade union delegates when discussing pay rises. As a result, until now there has apparently not been any massive movement to break up the trade union structures and create an independent trade union or trade unions for Philips.

The fact that workers belong to the CTM trade union without their knowledge is due to the "Quota Sindical", which appears on the pay slip as a deduction.

A few of the plants where TVs are manufactured have reported financial difficulties. One of the two production lines is supposedly not operating, and the workers concerned have apparently been let go with a half salary. Moreover, there have reportedly been lay-offs with even less compensation. As far as foremen are concerned, rumour has it that workers are pressured to give in their notice and therefore contribute to downsizing. Such pressure is reportedly mainly brought to bear on older workers, to push them if possible into leaving before retirement.

Up until five years ago women, when applying for a job, reportedly had to pass a pregnancy test. They were reportedly also obliged to continue to submit to monthly testing to prove that they were not pregnant.

Working hours are said to be very long. Three times a week, 12-hour days must reportedly be worked, whereas on two days working time is said to total nine hours. In addition, nine-hour days reportedly must be worked on Saturdays. "Normal" working hours are said to come to 42 hours a week for the afternoon shift and 45 hours a week for the morning shift.

Pay is reportedly around 350 pesos (around US\$ 39), with an additional 180 pesos (around US\$ 20) for overtime. In addition, goods coupons are apparently issued for overtime pay".

5.3 Puebla

5.3.1 Industrial estate FINSA

Ground was broken at the industrial estate in 1992, and it was completed in 1996. It connects practically directly to the VW plant in Puebla and currently covers some 265,000 m². Work began in 2000 on an extension - FINSA II – which will offer an additional 100,000 m².

The industrial estate team makes land and buildings available to firms wanting to move in. When the estate was constructed, the construction of the halls was discussed with the firms; today, such consultation is limited to the layout of the halls. Most of the firms in the estate operate as subcontractors for and with Volkswagen. A few also supply GM, DaimlerChrysler, Ford and the Mexican auto producer DINA. Almost all companies have leased premises from the industrial estate management. The minimum lease period is five years, after which lease contracts may be terminated with three months' notice.

According to the industrial estate management team, the firms located in the estate recruit their own personnel and handle the selection process themselves. This is handled differently by the industrial estates in northern Mexico on the US border, where the industrial estate management team often also handles the selection process for companies moving, which provides a direct opportunity to "filter out" employees who have "attracted attention" (e.g. because of statements in favour of trade unions, etc.).

In the initial phase, the majority of firms were active in the textile field. In the meanwhile, the focus has shifted to automobile and automobile subcontracting firms. Now the emphasis is being placed on attracting software companies. For example, Motorola is planning a plant to develop software with some 500 workers in FINSA.

All in all, 8,000 workers are employed in the industrial estate, the majority in three shifts.

At present, 24 firms operate in the industrial estate, 95 per cent of which consists of foreign investors. Companies have also moved in outside the industrial estate. For example, there is a Siemens plant that produces cable harnesses and electric cables for Volkswagen.

The majority of the companies are German firms which, however, often do not operate under their own name. For example, the Siemens company is called AMESA². Mahle, another well known German subcontractor, operates under the name "Duroplast". Behind the firm Electrooptica is Hella. Seglo, a company which operates in the transportation/logistics field, is identical to the Schnellecke firm based in Wolfsburg (see overview in Annex 1).

This "hiding" behind another name could be a deliberate attempt to keep, as far as possible, journalists from German newspapers and agencies from noticing when one of these firms pops up in the Mexican press.

According to VW, all firms in the industrial estate are unionised. However, only one of the firms operating in the estate, Seglo (Schnellecke), has an independent trade union. Outside the industrial estate, independent trade unions exist in Volkswagen and AMESA. In the case of AMESA, however, this independent trade union has only been operating since the end of 1999, after the female workers had gone on strike to demand an independent company trade union.

All other companies have signed so-called "protection contracts". This means that there is an agreement with one of the corporatist Mexican trade unions (as a rule CTM, sometimes also CROC). This kind of "contract" with a firm makes the employees members of this trade union without their prior consent. Democratic structures in which members influence the organisation's policy and which above all have company trade union structures do not exist as a rule. The "members" are neither included in the discussions on collective bargaining negotiations nor given the collective bargaining agreements to approve. Nor are they able to participate actively or passively in the choice of the trade union committee members. In practice, the employees usually do not even know that such an agreement exists and that they are members of a trade union (see report on AMESA).

When the industrial estate was founded, the idea was floated that the companies represented therein would conclude collective bargaining agreements with the independent UNT (Union Nacional de Trabajadores), whose trade unions had the highest wages and best collective bargaining conditions in the entire country. However, this proposal was scuttled by the State authorities, who insisted that agreements be signed with one of the two "State trade unions" (CTM or CROC).

² At the time of the drafting of the present report it appeared that Siemens planned to sell the company, which belongs to the AT business field. Talks were being held with an American company active within the automobile subcontracting industry.

5.3.2 Seglo

Seglo is a subsidiary of the German company Schnellecke, which is based in Wolfsburg. Like the parent company, the Mexican subsidiary works for VW in the logistics field, i.e. it takes care of transporting car parts and subcontracting at the Pueblo plant. At the same time, Seglo employees prepare vehicles for transport and export them.

Seglo employs some 1,600 workers in Pueblo. The workforce was recently cut by 200. Seglo workers are unionised and represented by an independent trade union, which, with the backing of the VW World Works Council and the overall company council, has also made contact with the works council of the parent company in Wolfsburg, whose employees, however, belong to the trade union for trade, banking and insurance.

In the meanwhile, the company is competing with another logistics company, Excel, apparently a Spanish-owned firm. According to the colleagues and the management of Seglo, Excel can offer much lower prices because the Mexican subsidiary has a "protection contract" with the CTM. Pay and social benefits are reportedly only around 50 per cent of pay levels at Seglo.

Under the system of "just-in-time" deliveries to the VW plant, Seglo must cover the cost of production stoppages at VW due to faulty logistics.

5.3.3 AMESA

AMESA is a subsidiary of Siemens and belongs to the AT field. The company has located outside the FINSA industrial estate and produces cables and cable harnesses for Volkswagen.

Some 2,400 workers are employed, 90 per cent of whom are predominantly young women.

Up until the end of 1999, employees were represented by one of the two corporatist trade unions, in this case CROC, but without the employees' knowledge. The other Siemens companies also operating in Mexico (another six) also have "protection contracts", usually with the CTM.

At the end of 1999, there was a wildcat strike in the AMESA company, which was triggered off by dissatisfaction with working conditions and pay as well as a few cases of sexual harassment. One of the staff's demands was to be represented through a union. It was only at this point in time that the workers learned that they were already represented by CROC. However, the women insisted on the need for representation through an independent trade union whose officials they were free to choose. The management gave in to this demand. A trade union organisation was set up and officially registered on 21 January 2001. In early 2000 there was more unrest, as the then chairperson came under fire from all sides due to her participation in an information trip which had been organised by the Friedrich-Ebert Stiftung but which had not been cleared with the workers. The female colleague involved resigned and left the company. In the meanwhile, she has reportedly been engaged

by the office of the AFL-CIO trade union institute in Mexico City. CROC tried to take advantage of the renewed unrest in the AMESA company to get a foot in the door. However, this did not succeed, because the employees sided with their organisation. In the meanwhile, this trade union has joined FESEBS (Federación de Sindicatos para Empresas de Bienes y Servicios) and thus belongs to the same umbrella organisation as the VW trade union.

The management has been keeping an open mind towards the newly founded trade union. In the collective bargaining agreements, a pay increase of 30 per cent in addition to a productivity bonus was agreed on 1 February 2001. At the same time, workers' social security benefits were increased by 1.5 percentage points. Daily wages at this point in time came to 58 pesos (around US\$ 6.50) which works out to some 1,800 pesos a month (including bonuses) (around US\$ 200). The productivity bonus may be broken down into two components: reducing rejects and increasing work productivity. This should lead to a some 22 per cent rise in basic pay (industry average in Puebla = 10-13 per cent). Mr. Lenninger, the managing director, explained that the survival of the company depended on restructuring the pay system in which bonus benefits had been incorporated, as well as changing the organisation of work, but only with the new democratically elected trade union management officials.

The business management and the trade union provide employees with comprehensive information, relying *inter alia* on their own radio station.

The business manager of the company in Puebla is also responsible for the other Siemens company in Aguascalientes, where vehicles are produced for Ford/USA. According to him, there is considerable competitive pressure, above all from a company named Textel, which employs some 10,000 workers in Honduras.

5.3.4 Activities in the FINSA industrial estate

Only one of the companies sited in the FINSA industrial park has a free and independent trade union. Together with the trade unions in AMESA and VW Mexico, there is an interest in consolidating trade union structures through educational efforts, comprehensively briefing trade union members in the company and thus creating the conditions to enable the elected trade union committee to survive above and beyond the election period. This applies primarily to Volkswagen, where up until now each elected trade union committee has only served one term, even though the statutes of the VW trade union were amended a few years ago to allow for re-election.

As far as the IMF is concerned, these skills-building and information-providing activities must be supported. Above all, it is necessary to recognise the need for international cooperation, which is lacking today, even though nearly all firms are subsidiaries of multinationals.

The three independent trade unions expect that the stabilisation of their trade union activities will have a positive impact on the other, primarily German companies in the industrial estate. There are clear signs that there as well, employees are discussing the issue of representation by independent trade unions. As for the trade unions in VW, Amesa and Seglo, there is a will to support these efforts. Moreover, the

business managers at VW have indicated that they might prefer a stable situation with independent, freely elected and reliable trade unions.

The IMF should try to determine in what form and to what extent the efforts to educate and inform the employees of other companies in the industrial estate can be supported.

5.3.5 Street children projects in the Puebla area

In mid-1997, a few VW colleagues came up with the idea of supporting projects to benefit street children. Now, the project “One Hour for the Future – Volkswagen Employees Help Children in Need” is under way. This project was launched by the central works council, first in Germany and now in other group companies as far abroad as Brazil and Mexico.

The donations are used to support street children projects, primarily in regions with VW sites. The organisation “Terre des Hommes” advises on, looks after and carries out the projects, which run over a relatively long time span and require more than just one-time support.

In the Puebla area, three projects being subsidised have been visited on the occasion of the meeting of the Board of the World Works Council.

One of the projects – IPODERAC – is organised like SOS – Children’s Villages. The children live with an adult in houses that have been planned and built for this purpose. This project has now developed a gainful activity of its own. Some 300 goats are being raised. Goat’s cheese is manufactured in a cheese dairy, along with other cheese varieties thanks to the purchase of additional milk. The goat’s cheese is primarily sold to French restaurants in the Mexico City area, and the proceeds cover around 70% of project costs.

A second project in Puebla – Casa JUCONI – builds on three pillars: work with street children on the street; work with children who work at markets, and the Casa JUCONI, a residential building with its own productive workshop – a bakery whose main purpose is not to be self-financing but rather to teach punctuality, order, the work ethic and discipline.

The third project – Mateo Quinto – primarily looks after mentally retarded and physically handicapped children.

In the meantime, the VW trade union in Puebla has become directly involved with another project – Casa del Alto Refugio – which mainly takes care of small children.










As of early April 2001, over DM 4.2 million had been raised and donated for the campaigns, which also subsidise and support projects in other regions. These activities will be pursued with concerts and a campaign to collect foreign currencies before the transition to the Euro. The annual donation volume required to support the projects on a sustainable basis and not merely service them with one-time donations is estimated at over DM 1 million.

Annex 1

Companies in the Industrial Estate FINSA / Puebla – Mexico		
Name	Production / Activities	Origin
American Car Equipment	Plastic Parts	USA
Antolin	Plastic Parts (Roof lining for A4 / VW Beetle)	Spain
Delphi	Technical Office	USA
Duroplast (Mahle)	Filters	Germany
Electrooptica (HELLA)	Lights / Assembly of bumpers	Germany
FER	Lights	Germany
Findlay	Plastic Parts (Roof lining for GM Chevy)	USA
Gedas	Communication	Germany
IMO	Loud Speakers	Mexico
Kautex	Fuel Tanks	Germany
Kayser	Pipes for brake power boosters	Germany
Lear	Seats	USA
Meritor	Assembly of doors	USA
Peguform	Plastic modules for exterior and interior car equipment	Germany (since 1999 part of Venture Holdings Trust / Detroit / USA)
Refa	Presses	Canada
Secorisa	Parts stock	Germany
Seglo (Schnellecke)	Transportation / Parts stock	Germany
Sekurit	Glas (windshields)	France
Socop	Lamps (interior)	France
Sommer	Plastic panels	France
Transnav	Plastic parts	USA
TRW	Assembly (Valves)	USA
VW Garantias	Administration of guarantee cases	Germany

Annex 2

Automobile Companies and Trade Union Representation

Company	Production	Location	Trade Union
	Cars Engines Cars Spare Parts Foundry	Civac / Cuernavaca Aguascalientes Aguascalientes Toluca Lerma	Independent CTM CTM CTM CTM
	Engines Cars Cars	Chihuahua Hermosillo México	CTM CTM CTM
	Plastic Parts Buses Trucks Spare Parts	Cd. Sahagún / Hgo* Cd. Sahagún / Hgo Cd. Sahagún / Hgo Cd. Sahagún / Hgo	Unabhängig Unabhängig Unabhängig Unabhängig
	Cars Engines Engines Spare Parts Cars	Silao, Guanajuato Toluca Ramos Arizpe Toluca Ramos Arizpe	CTM CTM CTM CTM CTM
	Engines Trucks Cars / Components Trucks	Saltillo Derramadero Toluca México	CTM CTM CTM CTM
	Buses Cars	Monterrey Toluca	Independent (Norte) CTM
	Cars	Toluca	CTM
	Cars	El Salto, Jalisco	CTM
	Cars / Components	Puebla	SITIAVW / FESEBS

© VW de Mexico / R.Steiert (2001)

* Hgo = Hidalgo

Annex 3

Structure of the Congreso de Trabajo (CT)

Typus of Union	Number of Unions	Per cent	Members	Per cent
National Unions	382	50	833,943	87
Company Unions	165	22	70,420	8
Industrial Unions	122	16	41,599	4
Professional Unions	89	12	12,182	1
Total	758	100	958,144	100

Quelle : Registro de Asociaciones, STPS, página Web August 12, 1999

Trade Unions and Federations of the CT with the highest membership figures

Federations	Zahl der Gewerkschaften	Mitglieder	%
CTM	317	493,700	51
STFRM	1	132,108	14
CROC	171	92,328	10
SNTMMSRM	1	64,448	7
FENASIB	17	56,027	6
SME	1	45,465	5
CROM	133	32,158	3
TOTAL	641	916,234	96

Source: Registro de Asociaciones, STPS, página Web August 12, 1999

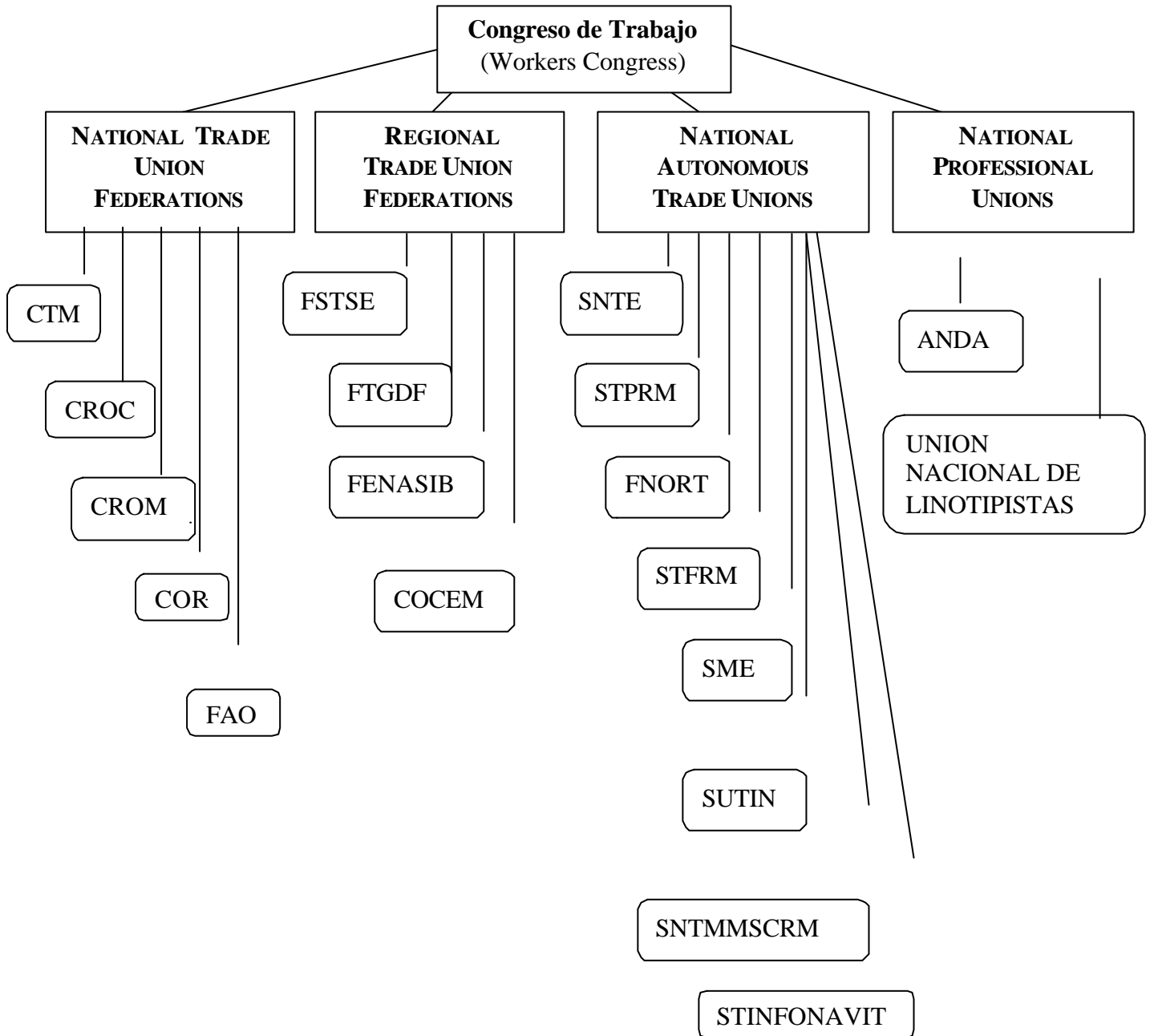
Structure of CTM

Typus of union	Number of Unions	%	Members	%
National Unions	161	51	433,330	88
Company Unions	82	26	36,939	8
Industrial Unions	41	13	16,435	3
Professional Unions	33	10	6,996	1
Total	317	100	493,700	100

Source: Registro de Asociaciones, STPS, página Web August 12, 1999

Annex 4

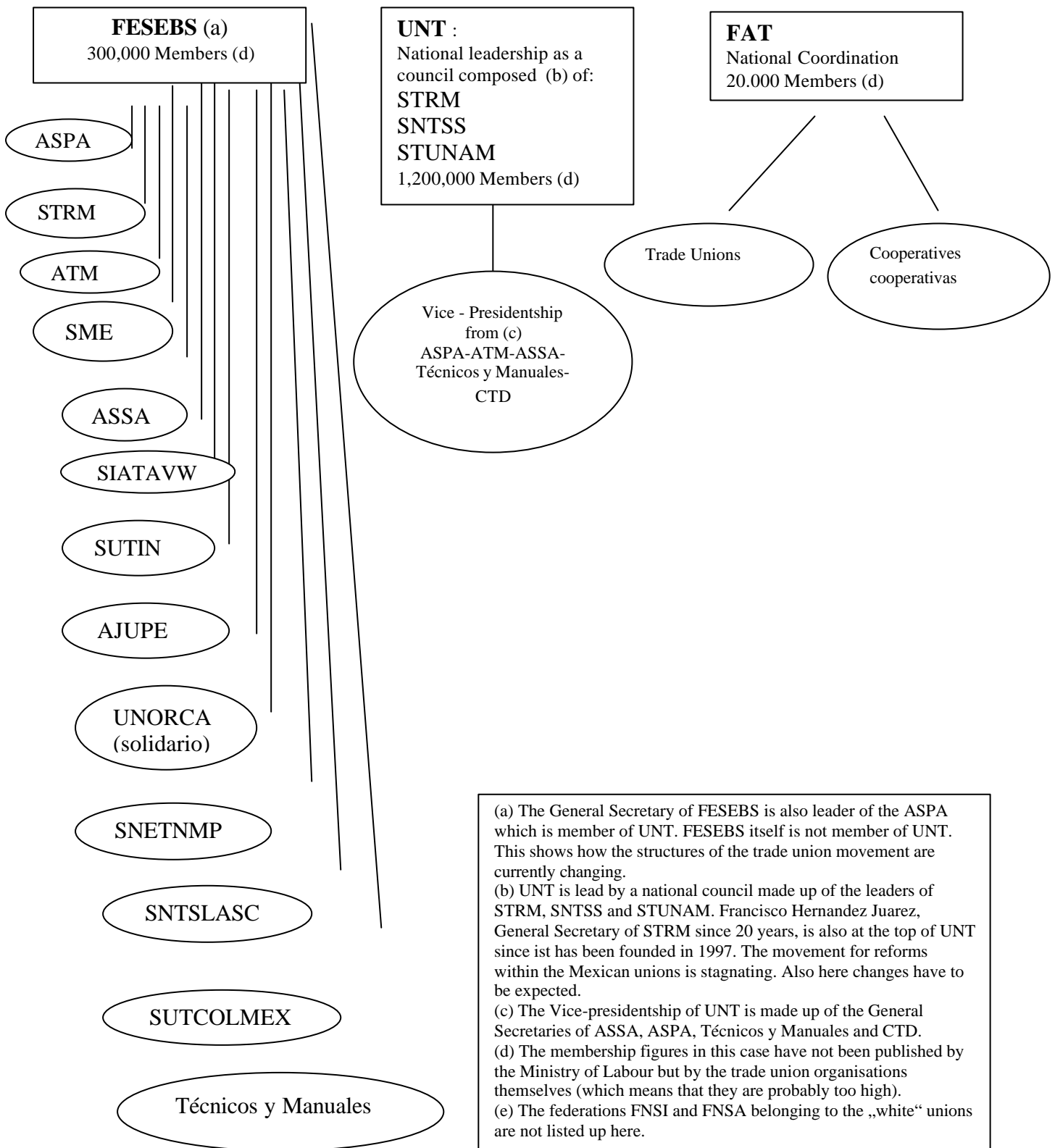
PREVIOUS SYSTEM UNIONS: STRUCTURE AND ORGANISATION IN MEXICO



Remark: Only the most important organisations are listed up above

Annex 5

FEDERATIONS AND UNIONS NOT BELONGING TO THE „CONGRESO DE TRABAJO“



Annex 6

INDEX OF ABBREVIATIONS

AJUPE	Asociación de Jubilados y Pensionados de BANOBRAS
ANDA	Asociación Nacional de Actores
ASPA	Asociación Sindical de Pilotos Aviadores
ASSA	Asociación Sindical de Sobrecargos de Aviación
ATM	Alianza de Tranviarios de México
CETLAC	Centro de Estudios y Taller Laboral
COCEM	Confederación de Obreros y Campesinos del Estado de México
COR	Confederación Obrera Revolucionaria
CROC	Confederación Regional de Obreros y Campesinos
CROM	Confederación Regional de Obreros Mexicanos
CT	Congreso de Trabajo
CTD	Confederación de Trabajadores Democráticos
CTM	Confederación de Trabajadores de México
FAO	Frente de Agrupaciones Obreras
FAT	Frente Auténtico del Trabajo
FENASIB	Federación Nacional de Sindicatos Bancarios
FESEBS	Federación de Sindicatos de Empresas de Bienes y Servicios
FSTSTE	Federación de Sindicatos de Trabajadores al Servicio del Estado
FNORT	Federación Nacional de Organizaciones Regionales de Trabajadores
FTGDF	Federación de Trabajadores del Gobierno del Distrito Federal
PAN	Partido de Acción Nacional
PRI	Partido Revolucionario Institucional
SITIAVW	Sindicato Independiente de Trabajadores de la Industria Automotriz, Similares y Conexos, Volkswagen de México
SME	Sindicato Mexicano de Electricistas
SNTE	Sindicato Nacional de Trabajadores de la Educación
SNTMMSCRM	Sindicato Nacional de Trabajadores Mineros Metalúrgicos, Similares y Conexos de la República Mexicana
SNTSLASC	Sindicato Nacional de Trabajadores al Servicio de Líneas Aéreas Similares y Conexos "Independencia"
SNTSS	Sindicato Nacional de Trabajadores del Seguro Social
STFRM	Sindicato de Trabajadores Ferrocarrileros de la Rep. Mexicana
STINFONAVIT	Sindicato de Trabajadores del INFONAVIT
STPRM	Sindicato de Trabajadores Petroleros de la Rep. Mexicana
STRM	Sindicato de Telefonistas de la República Mexicana
STUNAM	Sindicato de Trabajadores de la UNAM
SUTCOLMEX	Sindicato Unico de Trabajadores del Colegio de México
SUTIN	Sindicato Unido de Trabajadores de la Industria Nuclear
UNORCA	Unión Nacional de Organizaciones Campesinas
UNT	Unión Nacional de Trabajadores