
COLLECTIVE LABOR AGREEMENTS IN MEXICO'S APPAREL INDUSTRY



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You can read the complete research [here](#).

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Summary

The May 1, 2019 labor reform derived from the February 2017 constitutional change and from ILO Conventions 87 and 98, ratified by Mexico, on freedom of association and collective bargaining. Thanks to this, union democracy and collective bargaining are promoted and the personal, free, direct and secret vote is guaranteed; at the same time, transparency, accountability and the registration of unions and collective agreements are sought. Likewise, the labor reform **requires proportional representation between men and women in union leadership positions and establishes protocols to avoid discrimination based on gender, harassment and sexual harassment.**



This investigation aims to show some current scenarios in Mexico's apparel industry in which there are no authentic collective bargaining processes. In this way, this study hopes to contribute by establishing a reference framework that, in a few years, can be used to evaluate progress since the labor reform in the area of collective bargaining, especially in relation to a gender perspective.

ONE

The apparel industry in Mexico

Manufacturing accounts for **73.5% of the apparel industry's production**, and within that, activities linked to the clothing industry, account for **almost half of the total (42%)**. Commercial activities cover 26.5% of production, including a large number of micro-enterprises, with 1 to 9 employees; manufacturing, on the other hand, employs an average of 10 people for each economic unit. This sector is also strongly linked to imports and exports, mainly from the United States and, more recently, from China.

The sexual division of labor, which has always been detrimental to women, is reflected in segregated labor markets, namely, in occupations characterized by a feminization of job positions: this is the case of the apparel industry in Mexico, where it **represents a negative impact in salaries and professional development, to which are added job insecurity and the lack of or scarcity of retirement pensions.**

On the other hand, the participation of women in the productive economy continues to be linked to traditional tasks, socially assigned.



Thus, sewing and making garments is women's main activity within the apparel industry.

Added to this is the absence of gender issues observed in the analysis of collective bargaining agreements and especially in employer protection contracts, **resulting in the invisibility of women.**

In the various studies on employer protection contracts, the lack of analysis and information around gender can be observed in these legal instruments, despite the fact that **the highest level of deterioration in collective bargaining in Mexico coincides with outstanding presence of working women in the labor market.**

In Mexico, a simulation of a collective bargaining process is common, which occurs when collective bargaining contracts are signed without the intervention of workers. This is done through paper unions, and the agreements signed under their auspices are known as **Collective Contracts for Employer Protection (CCPP)**: these are legally simulated acts, **which are intended to prevent workers from authentically exercising their labor rights, via collective bargaining.** Consequently, workers end up stripped of their right to choose union representatives, to intervene in the definition of hiring content, to know when and where the agreement is signed, and to even have a copy of the contract.

TWO

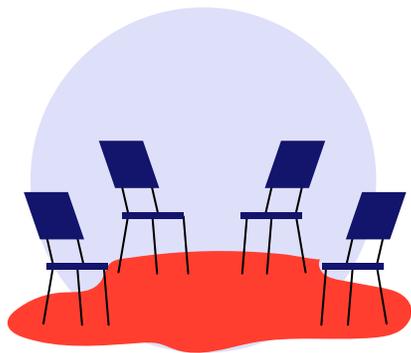
Analysis dimensions

With the objective of establishing analysis categories for this phenomenon, and based on the review of the literature on the subject, **11 dimensions** were chosen and applied to the 68 collective contracts examined, allowing for their classification. These are:



Bilaterality, which is the very essence of all worker-employer negotiation, and which, in a CCPP is completely absent, to the point that workers do not understand the contract and, in most cases, are not aware that they belong to a trade union organization.

Labor flexibility in favor of companies, which determines working hours and overtime, labor mobility of workers between work centers, the possibility for the company to outsource personnel and unionization options for the latter. A labor flexibility favorable only to the employer is usually established unilaterally. When this flexibility is not negotiated, but imposed by means of a CCPP, the labor mobility aspect affects working women to a greater extent, since they are the ones who regularly take on care work in their homes.



Union representation and mediation, which implies leave for union delegates, time for assemblies, leave for the committee, guarantee of the job at the end of union management, physical space within the workplace for union campaigning and printed disclosure of the collective contract. The absence of these agreements leads to the assumption that there is no union life within the company.

The power of the general secretary is the ability, concentrated in his / her hands, to carry out negotiations without the need to be accompanied by more members of the union committee. Likewise, the secretary has the power to dissolve the collective agreement in whole or in part, as well as to delegate to a single union representative, who may or may not be unionized (for example, a legal representative).



Salary. In Mexico, the low cost of labor has allowed entrepreneurs in the sector and large multinational corporations to increase their profit margins. For years, the containment of increases to the legal minimum wage has led to economic precariousness for people employed in the sector, maintaining them in a circle of poverty, therefore unable to meet their daily needs and, still less, unable to save.

Mixed commissions, which are made up of an equal number of representatives of the employer and the workers, allow them to be actively incorporated into strategic decision-making, such as safety and hygiene conditions, and training and profit sharing, among others. In the CCPPs, the commissions are generally mentioned but not a reality.

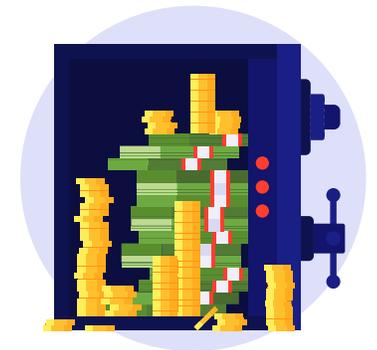


Exclusion clause due to separation empowers the company to dismiss a worker without employer responsibility in the event that he or she has been expelled from the union. It is a method of eliminating dissent openly opposed to corporate leadership. In addition, it has enabled companies to avoid true and independent unionization. Although this clause was repealed in the 2012 Labor Reform, it is still present in CCPPs.



Admission exclusion clause has both positive and negative aspects: on one hand, it allows unions to propose candidates for vacancies (which gives them a kind of monopoly on company hiring), and on the other hand, it enables unions to counteract the tendency of employers to hire in the form of trusted personnel, who, as such, cannot be unionized.

Absence of union dues / Economic support from the company to the union. An anti-union narrative maintains that union leaders live on fees discounted from union members; this assertion must actually be attributed to the lack of accountability and poor oversight on the part of union members regarding the use of quotas. In the opposite case, a simulated “financial aid” is agreed upon, which the company grants to the union as a benefit for the workers, but which they will never receive.



Federal Labor Law (LFT, for its name in Spanish) basic benefits are those established in the **CCTs (contratos colectivos de trabajo, in Spanish, meaning collective labor agreements)** and that strictly comply with the provisions of the LFT without any improvement or without significant improvements and include clauses on maternity leave, end of the year bonus, vacations, profit sharing, compulsory days off, vacation bonuses and marriage aid. The economic and social rights of women in general are relegated, as they have been systematically and historically excluded from collective bargaining.

The mainstreaming of gender perspective is a dimension that this research introduces for the first time into studies on labor contracts, and allows a better review and analysis of the existing literature on collective employer protection contracts. This dimension analyzes the regulation of sexual harassment and violence at work, gender quotas in training and in hiring processes, the participation of women in negotiation, maternity leave and the inclusion of gender language in the narrative of the contract.



Methodology



In order to understand the degree of employer protection established, **68 collective labor contracts in the apparel sector from 15 states were analyzed**. The methodology used for this was the weighted analysis of the documents obtained through requests for information via the National Transparency Platform or to one or more of the obligated subjects. Due to limitations on obtaining this information, the sample, initially established at 75 collective bargaining agreements, was reduced to 68.

Therefore, the relatively small sample has some limitations in terms of its representativeness, which was caused mainly by difficulties in accessing collective contracts. Despite the above, the use of public sources of information was one of the work axes established for this research.

For this analysis, the 11 categories mentioned above were defined, namely:

- 01 **Bilaterality**
- 02 **Labor flexibility in favor of companies**
- 03 **Union representation and intermediation**
- 04 **Power of the general secretary**
- 05 **Salary**
- 06 **Mixed commissions**
- 07 **Exclusion clause due to separation**
- 08 **Admission exclusion clause**
- 09 **Absence of union quota / economic support from the company to the union**
- 10 **LFT floor benefits**
- 11 **Mainstreaming of the gender approach**

In order to overcome the formal nature of the CCT as the primary source of information for analysis, two case studies were carried out at the companies MexMode and Rintex, **in which the clauses were contrasted with actual existing working conditions**.

Results



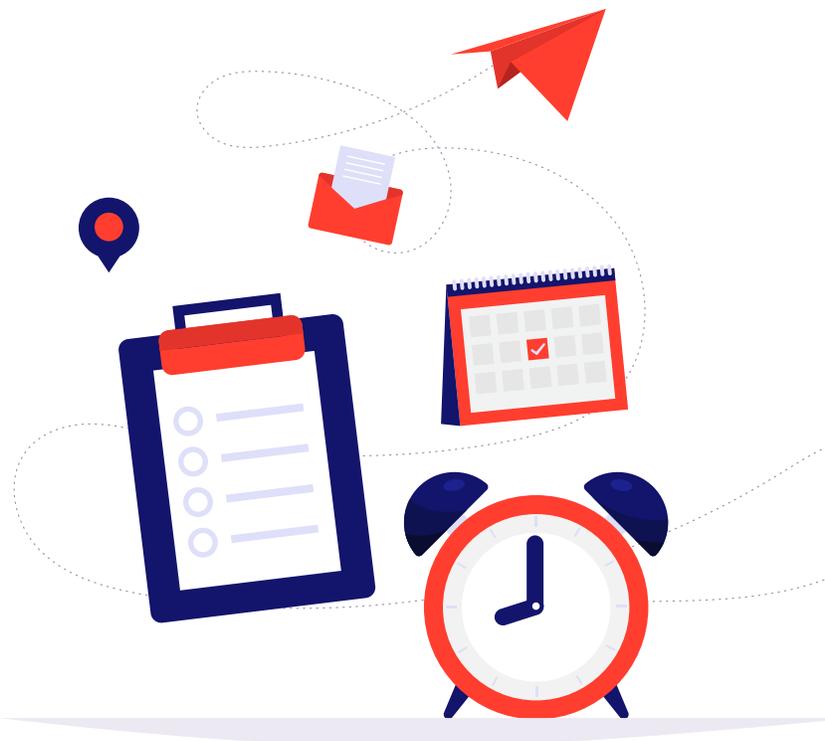
In Mexico, the central region is headquarters for the vast majority of the companies studied, with 52 CCTs from the states of **Guanajuato, Hidalgo, the State of Mexico, Morelos, Puebla, Querétaro, Tlaxcala and Mexico City.**

The unions belong to several union centrals: the Confederation of Mexican Workers (**CTM, in Spanish**), the Revolutionary Confederation of Workers and Agricultural Laborers (**CROC, in Spanish**), the Revolutionary Federation of Workers and Agricultural Workers of the State of Puebla, the Revolutionary Confederation of Workers and Agricultural Workers (**FROC-CROC, in Spanish**) and the Mexican Regional Workers Confederation (**CROM, in Spanish**), to which 17 other centrals are added. It should be noted that 15 of the analyzed collective bargaining agreements do not mention any affiliation center.

The review of contracts around the **bilaterality** dimension shows that the panorama is characterized by a degree of loss of bilaterality or very low bilaterality. In 35 cases, a total, or almost total, **loss of bilaterality was found, and in only four of the contracts the level of bilaterality improved.** This dimension is a crucial aspect of collective bargaining, which is why many collective contracts were classified as having a high degree of employer protection.

Labor flexibility in favor of companies was found to be very widespread in the collective contracts analyzed: **93% of them present a total or almost total level of labor flexibility,** which translates to **extended work days, shift changes, mobility in the workplace and overtime.** Although flexibility can be agreed bilaterally, guaranteeing the defense of workers' interests without affecting their salary and working conditions, in the cases analyzed, it is established in favor of the companies, making it possible to infer that it is a collective contract for employer protection.

In more than 70% of the collective bargaining agreements reviewed, there is no mention of how, based on international standards, **outsourcing** should be regulated, which indicates that this modality is not currently established by common agreement. **There appears to be little interest on the part of the different actors to incorporate contract workers into collective bargaining processes.**



Union representation can be evaluated in the collective agreement by granting permits to carry out union work and communicate related activities. The presence of these agreements in the collective contract gives an idea of the transparency of union policies, but, in the documents reviewed, **it was observed that this factor is zero or very low, meaning that workers lack mechanisms to ensure the effective representation of their interests.**



In more than half of the contracts studied, absolute or very high power is granted to the union **general secretary**. A sign of the lack of union democracy in the organizations, of absolute control or the lack of collective life, is that **the general secretary generally agrees on the contract conditions and is the only one who signs it**. In some cases, their power of representation is transferred to a delegate, which expires once the secretary appears again.

For the **salary** dimension, it was found that the pay levels of the CCTs examined indicate the categories and the respective salary without specifying the number of people who receive it. **In this way, the highest wages can be attributed to a single person or to a small group of workers, while the lowest wages can be assigned to the majority of workers in the company.** Differences in income, in relation to labor division within the industry, have a marked gender perspective, which was corroborated during field work. **The most feminized parts of the supply chain - such as garment areas - tend to be the ones with the lowest pay.**

The results obtained by averaging salaries confirm the persistence of low wages in the sector, a situation that, according to what could be corroborated in field work, **forces people to work overtime as a way to supplement their income.** Low wages lock workers into a cycle of poverty that drives them to work faster in order to reach high productivity goals and earn bonuses offered by virtually all companies for piecework.

In the analysis by region, the Northwest presents the lowest wages, while Mexico City reports the highest wages. The central region - not counting Mexico City - with the highest number of collective contracts reviewed, reaches an average of 1.75 general minimum wages.



The dimension of **mixed commissions** is integrated by the verification of their existence in terms of productivity, training, safety and hygiene, ranks, utilities and internal work regulations, among others. The formal existence of the commissions is in disagreement with the little or no union intervention, although formally established in collective contracts. **Based on the review of the documents, it was found that they are part of a simulation, in which only the obligations determined in the Federal Labor Law are reproduced, without any practical verification.**

Regarding **syndical freedom**, in Mexico the vast majority of unions present candidates for vacancies in the company to the employer, and persons referred in this way are automatically affiliated to the union holder of collective bargaining, **which violates what is established in the international frame of reference.**

The **admission exclusion clause** can be found in 78% of the collective contracts reviewed. By not having the opportunity to choose the union of their choice, **Mexican workers are not covered by what is stated in ILO Convention 87**; however, this situation is based on Article 87 of the country's Federal Labor Law. The reasons in favor of the existence of this clause have resulted in unions not actively fighting to gain members and improve their work in the defense and promotion of labor rights. This clause has undoubtedly served to keep control of the workers in the hands of the union, the company and the government.

The **exclusion clause due to separation**, despite having been repealed by the 2012 labor reform, continues to exist in 59% of the collective contracts revised in a nuanced modality, and becomes a sanction for those who oppose the interests of the labor union. **It is a mechanism that prevents the free movement of workers, strikes or the organization of an authentic union.**



Economic support from companies, defined as support for social welfare, sports, cultural activities, parties or parades on May 1, generate financial and political dependence on the company. Although in almost half of the CCTs analyzed it is established that unions are exclusively financed through union fees, the others report mixed contributions or do not mention them, which places their transparency in doubt.

Federal Labor Law basic benefits are central in a collective bargaining agreement, but in **78% of the contracts examined, only those that are mandatory by law are contemplated, which raises questions around the effectiveness of union-company bargaining**, since they do not seem to achieve any improvement for the working people.

Benefits related to maternity rights are striking: although they are required by law, they are not mentioned at all or are inferior to those provided in the LFT, as could be observed in 64 of the 68 CCTs.

This result is even more important considering that the clothing sector is predominantly female, and may describe a general lack of advocacy for women's rights in collective bargaining.

Regarding other benefits, almost 75% of the collective contracts are simply a copy of what the LFT establishes, since they repeat almost verbatim the articles of the norm for days of rest, vacation bonuses and marriage benefits. **Profit sharing is one of the least respected rights, since the vast majority of contracts (63%) do not mention it.**

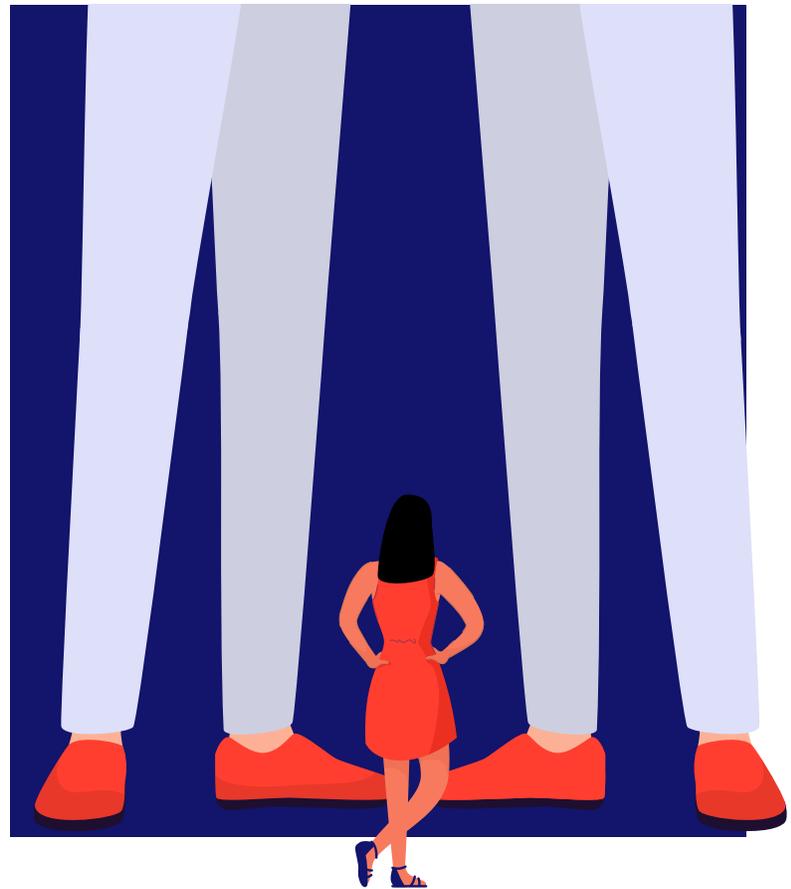


Staying within the mandatory limits and making the conditions of working people precarious not only represents economic saving for companies, but also allows them to have greater margins in decision-making, inhibiting the authentic organization of workers and granting absolute and unilateral power to the employer over workplace regulations.

Gender mainstreaming, integrated for the first time in a study on this matter, indicates that **54% of collective contracts do not refer to any gender issue, that is, they do not incorporate demands in any sense or there is almost no consideration of gender issues.**

Likewise, in relation to union action, the absence of a commitment to real union representation with each and every person who makes up the working base is noted. Collective bargaining, when gender agreements are absent, **ignores the presence of women in the workplace.** The increasing incorporation of women into paid work is as inevitable as it is necessary for the autonomy and economic freedom of women, which requires an active representation of particular and differentiated interests.

On the other hand, no relevant participation of women has been observed in the collective bargaining process: of the total sample studied, **only two women are general secretaries and signatories of a CCT, which exemplifies the male practices that prevail in unionism in general,** notwithstanding national and international legal provisions. According to bulletin 127/2019 of the Ministry of Labor and Social Welfare, **only 8.7% of the total of existing unions have general secretariats headed by women.**



There are no policies to harmonize the worker's work life with family life. A culture in which the care of children corresponds to women, in this case to female workers, persists. In order to fulfill their work and family responsibilities, these women face multifaceted problems, which deepen inequalities between working men and women. **The long hours they have to undergo to supplement their income through piecework keeps them out of the home for many hours; even so, they maintain the same level of responsibility as primary caregivers in the home.**

All the dimensions mentioned, separately or together, present some degree of **employer protection**, which was found to a greater extent in the west of the country, since Mexico City and the Gulf region appear to have a CCT tendency with a lesser degree of employer protection.

However, even the most worker-friendly textile-apparel contracts include many elements of employer protection: **this means that workers lost significant rights.**

FIVE

Access to contracts and transparency

Ease of access to collective contracts and internal labor regulations, as well as any other action that union organizations promote before labor authorities, is a worker's right.

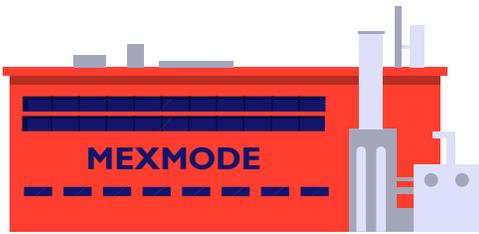


Despite the fact that this obligation is established in the Federal Labor Law and the Federal Law of Transparency and Access to Public Information, **labor authorities do not fully comply**. In addition, there are consultation difficulties with the webpages, especially with the National Transparency Platform (PNT, in Spanish): although the requesting person indicates that they wish to receive a response via email, this does not necessarily happen, since the PNT, arbitrarily, responds via its portal, **which causes a lapse in the established period for the applicant to exercise the complaint resource without the latter having knowledge that it was answered.**

Therefore, until 2015, the use of requests for public information was the least used resource for obtaining government information. Even today, it is preferable to search government websites, go in person or call by phone. This preference is not surprising when understanding that, as described in the methodology section, **the responses of some institutions range from bureaucratic processes that violate the principle of accessibility to late responses**, or referrals to other institutions in order to find information that is eventually declared non-existent.

The difficulty of access to information, and more specifically related to collective bargaining agreements, is not only a violation of the Labor Law, but also of the General Law of Transparency and Access to Public Information, and has a direct impact in the exercise of the democratic rights of the workers, since it prevents them from acquiring knowledge regarding their own working conditions, upon which they could make informed decisions.

Case studies



Mexmode, Puebla: In 2000, this maquiladora for US brands had an employer protection contract that allowed its workers to be treated with impunity, ranging from **harassment, wages below the legal minimum, sexual harassment, the presence of underage workers, and even the existence of rotten food in the cafeteria.**

All of this led to a movement to improve working conditions, supported by the **Center for Worker Support (CAT, in Spanish)** and the **National Union of Workers (UNT, in Spanish)**. A complaint was also filed with the **Workers Rights Consortium (WRC)**, which affiliates product brands, and which intervened decisively in favor of the workers, and to which various Mexican civil society and international organizations joined.



In March of that year, 28 workers formed the **Kukdong Company Workers' Union (SITEKIM, in Spanish)**, which faced local government bodies that clearly defended business interests and denied legal recognition of the association.

An escalation of violence, coupled with pressure from the company's clients, led the company to **recognize the de facto existence of two union organizations and to respond to the need to solve the crisis.**

Subsequently, **the factory changed its name to Mexmode, S.A. de C.V.**, after which more than 400 workers again requested union registration under the name of the Independent Union of Mexmode Workers (SITE-MEX), whose elections were held by secret ballot, which was not yet contemplated in Mexican law.

All of the above led to the signing of the first collective agreement between an independent union and a garment factory in Mexico. **A 25% direct increase in salary, the right to training, scholarships for workers' children, dignified conditions and respect for workers was achieved** and, for the first time in a CCT in Mexico, the harmful exclusion by separation clause was done away with. **Eleven years later, this requirement would become mandatory for all unions in the country.**

The combination of grassroots organizing and strong international pressure were key success factors, leading to freedom of association and genuine collective bargaining. Mexmode's lessons have been widely disseminated in the international labor movement, multinational corporations and brands, and demonstrated that decent wages and working conditions do not contradict productivity.

On the other hand, although in the contract analysis matrix, the CCT between SITEMEX and Mexmode is among the best evaluated in terms of bilaterality and degree of union intermediation, **its performance declines dramatically for dimensions such as benefits, concentration of the power of the general secretary, mixed commissions and gender mainstreaming,** to which are added only minimal salary increases in recent years.

Rintex, Morelos: This company, with different processes in the supply chain, was a supplier to multinational clothing brands. The contract between Rintex and the CROC appears as the highest among those evaluated, on the employer protection scale. Despite the formal existence of collective bargaining, for years on the production floor **the collective bargaining agreement was not applied, and the union did not organize assemblies or authentic elections,** according to the workers.

This situation originated in 2008 due to a change in a flawed election process, in the union leadership, which was taken over by a group of dissident workers, linked and supported by the organization Antorcha Campesina and supported by the government of Puebla. It was clearly the taking over of a democratic union by a popular clientelist organization.

Despite the occupation of Antorcha Campesina, today at the Mexmode plant, not only the workers know about the collective contract, but they also have access to it on a constant and daily basis. Their last effort to regain the union leadership took place in 2018, but again Antorcha Campesina managed to monopolize control of the union leadership.



The discount of the union dues was one of the elements that alerted workers to the existence of a union within the company, of which they were not even aware. In 2016, aware of these violations of national regulations, they contacted some of the purchasing corporations, which led to **GAP, Nike and Ralph Lauren** agreeing to cooperate in the investigation. The first monitoring report revealed additional violations, such as sexual harassment and irregularities in compensation payments. Faced with the danger of being publicly involved, **Polo, Ralph Lauren and Nike** began to reduce the volumes of production that they outsourced to Rintex.

In 2018, the workers formed an independent coalition, around which anti-union actions aimed at dissolving the organization were immediate. Additionally, profit sharing was denied, and 50 people were also laid off. When the workers sought to organize unions within the Authentic Labor Front, **the management stated that, if they did not give up this intention, the company would close its operations: it was determined not to reinstate a group of people considered problematic for altering the labor peace that they had bought with the CROC union.**

Organizations such as **IndustriAll Global Union**, the **Maquila Solidarity Network**, the **Worker Support Center**, the **Authentic Labor Front** and the **Human Rights Commission of the State of Morelos**, among others, joined forces to pressure multinational brands that are clients of Rintex to get involved in the conflict.

Rintex's refusal to correct the serious violations of workers' rights, as required on multiple occasions by GAP, **led this brand to withdraw its production, but this measure only served to intensify the onslaught against workers.** The situation became untenable and, together with the lack of customers and production, led to the company's closure in early 2019.

SEVEN

Final reflections

The information obtained and analyzed makes it possible to assert that **most of the collective bargaining contracts studied present a high degree of employer protection**, which has as a corollary a general lack of bilaterality in collective bargaining in the sector. Furthermore, **despite being a feminized work sector, gender clauses are practically nonexistent.**

The absence of independent unions in the Mexican apparel industry, as well as the complete absence of true collective bargaining, **is of great concern.**

The main obstacles to democracy and labor justice have been **union corporatism, a collaborative Mexican state, and anti-union companies.** This has produced a unique model, visible in the phenomenon of employer protection contracts, which consists of making working conditions more precarious and reducing wages.



Currently one of the great problems of collective bargaining in Mexico is the absence of gender clauses in the CCTs. Labor studies must contribute to a definition that considers gender as one of the requirements of authentic collective bargaining.