
THE GLOBAL REGULATORY DEVELOPMENTS JOURNAL

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Three Points for Employers About Collective Bargaining in Mexico Under the New U.S.-Mexico-Canada Agreement Rules and the Labor Reform

Germán de la Garza De Vecchi*

In this article, the author suggests steps that employers in Mexico should take given recent labor reform and the U.S.-Mexico-Canada Agreement.

More than four years have passed since labor reform in Mexico was approved and three years since the U.S.-Mexico-Canada Agreement (USMCA)—which is known as T-MEC in Mexico—took effect. And novel provisions continue to put pressure on labor relations in Mexico. Following are three key points for employers to keep in mind about the impact of labor reform and the USMCA in 2024.

Collective Bargaining Agreements

Under the USMCA, Chapter 23 and Annex 23-A focus on labor issues—freedom of association and effective collective bargaining—including the Rapid Response Labor Mechanism, which has become a form of pressure for labor relations in Mexico.

This scenario has led to more complicated revisions of Collective Bargaining Agreements (CBAs) in 2024; in principle, because the legitimization of agreements—which lasted four years—has already been concluded, and the registration authority already has precise data on how many agreements there are in the country and how and when they must carry out their reviews and their approval consultations with the participation of all workers.

After the Contract Legitimation process, there are 30,552 CBAs, where 5 million workers participated, and in this process,

663 agreements were not supported by their workers and in many cases changed union leadership.

The Federal Center for Conciliation and Labor Registration (CFCRL) reported that there are 108,000 collective agreements that were dissolved, since no legitimization processes were carried out, for which the authority—from May 1, 2023—will be attentive in inspecting aspects such as:

- Ensuring wages and benefits are not reduced.
- Ensuring workers are not discharged in order to be rehired (canceling their seniority).
- Carrying out the inspection and monitoring program, in line with the Secretariat of Labor and Social Welfare of Mexico, and where appropriate, imposing sanctions.
- Avoiding employer interference in the internal life of unions (Certificates of Representativeness).

In this process of changing the new labor reality, it is important to pay attention to the number of Certificates of Representativeness and new CBA holders, as this shows a change in the union map. Additionally, the Certificates can also signify a “weapon” for union organizations that can use this certificate for six months to get CBAs signed.

In 2023, 4,672 Certificates of Representativeness were issued, of which 33 percent were converted into contracts filed with the authority. In 2024, the CFCRL has reported 1,900 new CBAs. In addition, there are 97 new unions and 15 new federations.

Workers' Vote

The labor reform is already in full force. Agreement revisions must count on the workers' endorsement—through a free, secret, and direct vote—otherwise this can lead to a strike, and we already have two examples: one in the automotive industry and another in a well-known social assistance institution, which have also begun to achieve higher wage increases.

Despite the company's conditions, the workers forced the negotiation of proposals to achieve greater increases. Analysis by consulting firms shows that in 2024 the average salary increase will be 8.8 percent for unionized staff.

The auto parts and automotive industries sectors are the highest, with average adjustments of 9.2 percent. However, there are companies that estimate an increase of up to 20 percent.

All of this must be supported by the workers, so it is advisable to grant the best proposals to ensure that the contractual review is passed without any problem.

Labor Complaints

By the end of 2024, the Mexican government could receive between 20 and 25 labor complaints under the USMCA's Rapid Response Labor Mechanism. In April it will receive approximately four.

Notably, Mexico faces a “lack of reciprocity” in the way complaints are filed, because in Mexico it is only activated with presumption, and in Canada and the United States there are obstacles to date there are 24 complaints:

- Twenty-three from the United States.
- One from Canada out of those 24.
- Four were not activated, leaving one remaining in Canada and 20 in the United States.
- Two were admitted in 2021, three in 2022, 13 in 2023, and there are currently 12 complaints.

The next complaints are expected in Nuevo León, Jalisco; State of Mexico; and Veracruz. They are dedicated to the export of certain products, and one is involved in the mining sector.

It is worth being constantly attentive due to the nature of the revisions. The improvement in contractual wages for 2023—especially at the end of the year—has set the tone for double-digit wage demands, which have become more complex due to the new rules of the union democracy.

Organizations such as the Mexican Workers' Trade Union League (LSOM)—which emerged with the labor reform—see the negotiations they held with a well-known automotive company in the state of Puebla (which was world-known for its complexity) as an example to follow for genuine collective bargaining. LSOM already has a presence in several manufacturing companies and continues to advance in the representation of workers from many other multinational companies.

Agreements that take trade union directives with employers must be “attractive,” otherwise workers may reject them, said CFCRL director Alfredo Domínguez on multiple occasions.

Conclusion

As this article makes clear, employers should obtain good advice on collective labor matters from their counsel.

Note

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