

Despite USMCA Spotlight, Significant Shortfall in Mexican Budget for Labor Reform Continues, Mexican Labor Rights Deteriorating

NAFTA renegotiations offer a once-in-a-generation opportunity to make lasting improvements to the lives of millions. The U.S. government has certified nearly one million U.S. jobs as lost to NAFTA. Corporations are outsourcing more jobs to Mexico every week to pay workers less. Mexican manufacturing wages are now 40% lower than in China. A year ago, Democratic congressional leaders made clear that Mexico's artificially low wages will promote more U.S. job outsourcing unless labor standards in the new NAFTA deal Donald Trump announced are strengthened and made subject to swift and certain enforcement, and Mexico implements and funds labor reforms. This provides the best chance to counteract NAFTA's current race-to-the-bottom.

Latest Mexican Budget Proposal Doesn't Provide Needed Funding

The resources Mexico has proposed to implement labor reform fall far short of what is required. The revised NAFTA's Labor Annex requires that within four years, Mexico must review hundreds of thousands of fake "protection" contracts, oversee voting on new contracts approved by workers and ensure their enactment.

In mid-October, Mexican President Andrés Manuel López Obrador (AMLO) wrote House Ways & Means Chair Richard Neal a letter that is the only written explanation of Mexico's labor reform implementation plans. The letter provides no certainty that the necessary funding will be forthcoming:

- The letter describes levels of funding to be *requested* over four years, noting Mexico's Congress, "should it so decide," could appropriate more funds.
- AMLO's letter spotlights the chasm between aspirations and actual funding. The topline figure seems impressive (FY 2020-2023 estimated budget of \$899,196,204) BUT:
 - **Only \$69 million - less than 8% of the total – is slated for the first year. This is insufficient to establish the new oversight bodies – new labor courts, conciliation centers, and the labor inspectorate to review and re-vote on protection contracts and staff them.**
 - **92% of the promised appropriations rely on the improbable assumption that the Mexican Congress and state legislatures will greatly expand funding levels after U.S. pressure over approval of a revised NAFTA ends.** The 2021 budget of \$176,302,164 assumes a 154% increase over the 2020 budget, while the 2021-2023 amounts (\$324,832,546) assumes a 386% expansion.
 - **Nearly half (46%) of the proposed budget is outside AMLO's control – it is to be provided by Mexican states, many of which are controlled by political parties hostile to AMLO and labor reform.** (The equivalent would be President Trump assuming California's Democratic governor would provide state funds for half the cost of the California part of the border wall.)
- Even if all of the money were forthcoming, it would not support the necessary level of labor inspector staffing. **The proposed increase of federal and state inspectors is from 901 to 1,129 – less than a quarter of the 5,600 advised by the International Labor Organization for a country of Mexico's size.**

Mexican Protection Unions and Employers Have Won Injunctions Against the Mexican Labor Law Reforms That Are Vital to Implementation of a Revised NAFTA

Mexico passed a new labor law in May 2019 to establish institutions and processes to replace the hundreds of thousands of fake "protection" union contracts that have suppressed wages in Mexico for decades. The powerful forces arrayed against improvements in workers' rights have filed hundreds of lawsuits to try to block or gut the new law, similar to the attack here against Obamacare. At least two of these [cases](#) have resulted in [injunctions](#). More than 200 cases are pending. Mexico's Labor Ministry has [appealed](#). Mexican officials seeking to assuage concerns about the lawsuits note that "*amparos*" (a form of injunction) would only protect the specific fake union contract named in each case. This is not reassuring: Successful lawsuits will encourage more cases to protect more bogus contracts. The fierce pushback against Mexican labor reform reveals why the labor terms and critically their enforcement terms in a revised NAFTA must be significantly strengthened.

Even With NAFTA Spotlight on, Labor Conditions in Mexico Not Improving: Recent Union Leader Disappearance Not Investigated; Fired Mexican Goodyear Organizers Not Reinstated

Flagrant labor rights violations have continued as new Mexican president AMLO supports reform. Mexico pervasive labor problems won't be fixed quickly, which is why strong labor standards and effective enforcement must be baked into a new NAFTA. That means [independent inspection of workplaces](#) and the right to block goods at the border made in plants that do not follow the rules. Just since NAFTA renegotiations started, three people trying to organize a union at the Media Luna mine in southwestern Mexico have been murdered by anti-union vigilantes. Brothers Víctor and Marcelino Sahuantla Peña were dragged from a union protest and shot as NAFTA talks were occurring 385 miles away in Mexico City. A year later union leader Quintin Salgado was killed. Their colleague, labor and environmental activist Oscar Hernández Romero, disappeared in September and is presumed murdered. Mexican authorities have refused to investigate. The impunity in cases of violence against labor organizers continues, as do violations of existing labor law, despite the NAFTA spotlight. Goodyear Mexico fired [50 workers](#) when they tried to organize an independent union at a new \$500 million plant in San Luis Potosí. There, workers are paid \$1.58 per hour as Goodyear lays off U.S. workers who make the same tires for middle-class wages. A year later, the workers haven't been reinstated, as required by Mexico's existing laws. A congressional delegation seeking to visit the plant in mid-2019 was denied access.