United States-Mexico-Canada Agreement (USMCA)

LABOR RIGHTS REPORT
TABLE OF CONTENTS

EXECUTIVE SUMMARY 3

INTRODUCTION 5

CANADA 7

MEXICO 12
EXECUTIVE SUMMARY

This report examines the labor laws and practices of Mexico and Canada, which are signatories to the United States-Mexico-Canada Agreement (USMCA). It focuses on whether those laws and practices, pursuant to the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (TPA) and Chapter 23 (the Labor Chapter) of the USMCA, are consistent with internationally recognized labor rights. Section 105 of TPA requires that the President provide a “meaningful labor rights report” concerning each country with which a free trade agreement (FTA) is being negotiated. This report fulfills that requirement.

U.S. trade policy tools to effect change on labor rights have evolved over time. More than 25 years ago, when the United States entered into the North American Free Trade Agreement (NAFTA) with Mexico and Canada, labor provisions were not included in the core of the agreement. Rather they were incorporated into a side agreement called the North American Agreement on Labor Cooperation (NAALC), under which a single provision – a requirement to enforce labor laws related to child labor, occupational safety and health, and minimum wage – was enforceable, and a sanction for a violation was only a one-time monetary assessment. NAFTA’s State-to-State dispute settlement provisions did not apply to the side agreement. It was not until 2007 with the Free Trade Agreements (FTAs) with Peru, Colombia, Panama, and South Korea that the United States and its trading partners committed to adopt and maintain in their statutes and regulations, and practices thereunder, the fundamental labor rights as stated in the International Labor Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work and its Follow-Up (1998), and to subject those commitments to dispute settlement and possible trade sanctions.

The USMCA updates the NAFTA with modern provisions representing a 21st century, high-standard agreement. The USMCA includes a Labor Chapter that builds on commitments made in previous agreements, including those with Peru, Colombia, Panama, and South Korea, and goes well beyond prior FTAs. It brings labor obligations into the core of the agreement, makes them fully enforceable, and represents the strongest provisions of any United States trade agreement.

In the USMCA, the Parties commit to adopt and maintain in laws and regulations, and practices thereunder, the fundamental labor rights as stated in the ILO Declaration. The USMCA Parties also commit to effectively enforce their labor laws and not to waive or otherwise derogate, or offer to do so, from those laws in a manner that would be inconsistent with the fundamental labor rights. The Parties commit to provide access to impartial and independent tribunals for labor law enforcement; to ensure that the enforcement proceedings are fair, equitable, and transparent; and to promote public awareness of their labor laws. In addition, the USMCA Parties commit to adopt and maintain laws and practices governing acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health. Each Party commits not to waive or otherwise derogate, or offer to do so, from its labor laws so as to weaken or reduce adherence to labor rights in export processing zones.

The Labor Chapter includes an Annex on Worker Representation in Collective Bargaining in Mexico, under which Mexico commits to take specific legislative action to provide for the effective recognition of the right to collective bargaining. The Government of Mexico approved
a labor law reform package consistent with its commitments in this Annex on May 1, 2019, and in November 2019 allocated approximately $70 million in the 2020 budget to begin a four-year implementation process of the reforms. The United States and Mexico also have negotiated a separate Rapid Response Mechanism that will provide for monitoring and enforcement of labor rights at specific facilities. The mechanism provides for a determination by a panel of labor experts of Mexico’s compliance with USMCA obligations on freedom of association and collective bargaining, and the possibility of enforcement actions by the U.S. Government such as suspension of USMCA tariff benefits and other penalties or remedies.

The Labor Chapter also includes new provisions requiring the Parties to prohibit the importation of goods produced by forced labor, to address violence against workers exercising their labor rights, and to ensure that migrant workers are protected under labor laws. To support North American jobs, the USMCA includes new product specific rules of origin for automobiles and automotive parts intended to level the playing field for workers across North America by, for example, requiring that 40-45 percent of a vehicle’s content be made by workers in facilities earning an average of at least $16 USD per hour in order to qualify for duty free treatment. The USMCA sets a high-water mark for labor protections in a trade agreement and provides the opportunity to secure reform of trade partners’ laws and practices consistent with international standards, to enhance enforcement of their labor laws, and to modernize institutions responsible for administering labor protections.

This report is comprised of individual country reports on Canada and Mexico, each documenting the labor laws and practices of the country being examined. Each country report consists of three sections and includes an Executive Summary. The “Overview of Legal Framework” section provides a general overview of the country’s labor laws that are relevant to the USMCA Labor Chapter, and their administration. The “Key Issues of Note” section identifies areas of concern with labor laws and practices relevant to the internationally recognized labor rights. The “Other Issues of Note” section describes issues that do not rise to the level of key issues, but that also should be monitored within the context of the country’s commitments on labor. Each country report notes changes made by the country during recent years, including commitments made in the USMCA to address issues identified during the course of negotiations.

This report notes that, generally, Mexico and Canada either currently have labor laws and practices concerning the internationally recognized labor rights that are largely consistent with relevant international standards, or have committed to address issues concerning the consistency of their laws and practices with international standards. In addition to fully enforceable labor obligations and full access to the USMCA’s dispute settlement procedures, as well as the Rapid Response Mechanism between the United States and Mexico described above, the Agreement provides mechanisms for regular monitoring and dialogue on labor rights issues, including a senior-level Labor Council, national contact points, a public submission process, a cooperation mechanism, and a cooperative labor dialogue mechanism.

This report does not identify any key issues of note for Canada. With regard to Mexico, this report notes issues with respect to the implementation and application of the legal framework in practice, in particular with regard to independent unions and collective bargaining, but recognizes that recently enacted Constitutional and labor law reform would fundamentally transform Mexico’s system of labor justice administration and address these issues.
INTRODUCTION

This report on labor rights in Canada and Mexico is prepared pursuant to Section 105 of the Bipartisan Congressional Trade Priorities and Accountability Act of 2015 (Pub. L. 114-26) (TPA). Section 105(d)(3) provides:

The President shall submit to the Committee of Ways and Means of the House of Representatives and the Committee on Finance of the Senate, on a timeframe determined in accordance with section 104(c)(3)(B)(v)- (A) a meaningful labor rights report of the country, or countries, with respect to which the President is negotiating ....

The President, by Executive Order 13701 (80 Fed. Reg. 43901 (July 17, 2015)), assigned the above responsibilities to the Secretary of Labor and provided that they be carried out in consultation with the U.S. Trade Representative (USTR) and the Secretary of State.

Pursuant to this mandate, the report examines “labor laws” and practices of each country that is a signatory to the USMCA. The TPA defines “labor laws” as

the statutes and regulations, or provisions thereof, of a party to the negotiations that are directly related to core labor standards as well as other labor protections for children and minors and acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health, and for the United States, includes Federal statutes and regulations addressing those standards, protections, or conditions, but does not include State or local labor laws.

TPA, Section 111(18). “Core labor standards” is defined in the TPA as:

(A) freedom of association;
(B) the effective recognition of the right to collective bargaining;
(C) the elimination of all forms of forced or compulsory labor;
(D) the effective abolition of child labor and a prohibition on the worst forms of child labor; and
(E) the elimination of discrimination in respect of employment and occupation.

TPA, Section 111(7). This is consistent with the USMCA Labor Chapter’s definition of “labor laws”. See USMCA, Section 23.1.1

1 “Labor laws” is defined as “statutes and regulations, or provisions of statutes and regulations, of a Party that are directly related to the following internationally recognized labor rights:

a. freedom of association and the effective recognition of the right to collective bargaining;
b. the elimination of all forms of forced or compulsory labor;
The report relies on research, reports and materials prepared by U.S. Government agencies, including U.S. Embassies in the Canada and Mexico, the Canadian and Mexican governments, international organizations such as the International Labor Organization (ILO), and nongovernmental organizations.

This report provides a general overview of the legal framework governing labor laws and practices for Canada and Mexico. It draws attention to important developments in recent years as they relate to the labor laws as defined in TPA and USMCA. It identifies key issues of note regarding labor laws and practices and other issues of note that should be monitored within the context of the USMCA.

c. the effective abolition of child labor, a prohibition on the worst forms of child labor, and other labor protections for children and minors;

d. the elimination of discrimination in respect of employment and occupation; and

e. acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.”
EXECUTIVE SUMMARY

Canada’s current labor laws and practices related to the internationally recognized labor rights are largely consistent with relevant international standards. Canada has a strong legal framework and system of industrial relations with active unions and private sector collective bargaining, and protections against workplace discrimination and forced and child labor. There are no key issues of concern with regard to the consistency of Canada’s laws and practices with internationally recognized labor rights noted in this report. However, this report notes other issues related to the minimum age for employment, child labor in hazardous work, and forced labor.

1. Overview of Legal Framework

Labor rights in Canada are set forth at the federal and provincial levels. The Charter of Rights and Freedoms (the bill of rights in the Constitution) generally does not address labor issues directly, but does recognize the right of freedom of association and the Canadian Supreme Court has consistently found the freedom of association provisions applicable to organized labor and its activities. Both the Federal and Provincial Governments enact laws that govern the workplace, working conditions, labor relations, and other labor issues. Federal labor law governs in sectors regulated by the Federal Government, including industries that are international or extra-provincial, transport and its infrastructure across international or provincial boundaries, marine, port and ferry services, air transport, pipelines, fisheries, crown corporations, banks, telecommunications (including broadcasting), and other activities. In all, federal labor law covers roughly 10 percent of the workforce, with other workers covered by provincial laws and regulations.

Provinces enact and enforce their own laws and regulations concerning labor in the sectors not governed by federal law. The application of internationally recognized labor rights in some occupations varies in certain respects among the provinces.

In general, Canada’s legal framework protects freedom of association and the right to bargain collectively. However, several provinces have laws restricting freedom of association in certain areas of work. For example, in Ontario, several categories of professionals, including architects, land surveyors, lawyers, dentists, and other medical professionals are exempted from collective

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agreement protections. In Alberta, Ontario and New Brunswick, agricultural and horticultural workers are excluded from general labor legislation, and, thus, do not have the right to form unions for the purposes of collective bargaining.

The right to strike generally is provided under both federal and provincial laws, although the Federal Government can determine which of its services, facilities or activities are considered “essential services,” effectively limiting some workers’ right to strike. In November 2018, the Federal Public Sector Labour Relations Act (FPSLRA) was amended to eliminate restrictions on collective bargaining that granted the employer the right to designate the percentage of essential employees in a bargaining unit, and to refer disputes to mandatory arbitration in cases where 80 percent or more of the positions in a bargaining unit are designated essential by the employer. The federal sector labor relations law prohibits strikes while a collective agreement is in force and some provinces extend the prohibition to all employees covered by a collective agreement.

At the federal level, Canada’s Employment Equity Act requires equal employment opportunities and equal pay for equal work for four specific groups: women, aboriginal people, people with disabilities, and members of visible minorities in federally-regulated industries. Several provinces, including Manitoba, New Brunswick, Nova Scotia, and Prince Edward Island, require pay equity in the public sector, while Ontario and Quebec have pay equity laws that cover both public and private employees.

The Federal Government has established laws and regulations related to child labor, including its worst forms. Canada’s Constitution authorizes the Federal Government and the provinces to establish laws prohibiting child labor. Federal law does not supersede provincial law except concerning child pornography. Canada’s federal and provincial jurisdictions each have a Ministry of Labor, which enforces labor laws, including laws related to child labor. The Federal Government has also established laws and regulations related to forced labor.

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6 Federal Public Sector Labour Relations Act (S.C. 2003, c. 22, s. 2), Division 8; available from https://laws-lois.justice.gc.ca/eng/acts/P-33.3/.
7 Federal Public Sector Labour Relations Act (S.C. 2003, c. 22, s. 2), Division 8.
12 Ibid.
All provinces maintain and enforce minimum wage laws. Some provinces exempt certain types of work, such as hospitality or agriculture, and certain types of workers, such as those under 18 years old who work on a part-time basis during school.\textsuperscript{14} For employees under federal jurisdiction, the minimum wage is the rate for the province where the worker is usually employed.\textsuperscript{15} Canada’s Labor Code mandates an eight-hour day and 40-hour week for employees covered by the code.\textsuperscript{16} All provinces and territories have laws limiting the normal workweek to 40 to 48 hours. Federal law requires that all employees receive at least 10 days of annual leave after one year of employment.\textsuperscript{17} No laws regulate overtime hours specifically, but various industries have standards for rest set by the Labor Code, which have the effect of governing work hours.\textsuperscript{18}

Federal law establishes health and safety standards for the industries it covers, and the provinces have similar laws for workplaces not covered by federal law.\textsuperscript{19} All jurisdictions prohibit dangerous work and enforce the right of workers to refuse or desist from hazardous work.\textsuperscript{20}

2. Key Issues of Note

None identified.

3. Other Issues of Note

3.1 Child Labor

Under the USMCA, Canada commits to adopt and maintain in laws and practices the effective abolition of child labor and a prohibition on the worst forms of child labor.\textsuperscript{21} Children must be protected from working before a minimal legal age,\textsuperscript{22} and they should be protected from hazardous work and other worst forms of child labor.\textsuperscript{23}

\textsuperscript{14} U.S. Department of State, “Country Reports - 2017: Canada.”
\textsuperscript{17} U.S. Department of State, “Country Report - 2017: Canada.”
\textsuperscript{18} Ibid.
\textsuperscript{19} Ibid
\textsuperscript{20} Ibid.
\textsuperscript{21} Agreement Between the United States of America, the United Mexican States, and Canada (USMCA), Article 23.3.1.(c), November 30, 2018.
\textsuperscript{22} See ILO, General Survey on the fundamental Conventions concerning rights at work in light of the ILO Declaration on Social Justice for a Fair Globalization, para. 327.
\textsuperscript{23} See Ibid, paras. 540-43.
a. **Minimum age for employment**

At the federal level, there is no established minimum age for admission to employment in federally-regulated undertakings such as shipping, railway, aviation, broadcasting, and banking. Each province has the authority to set the minimum age for admission to employment, which varies between 12 and 16 years. The minimum age for employment falls below 15 years in nine provinces.

b. **Minimum age for child labor in hazardous work**

At the federal level, the Canadian Labor Standards Regulations set the minimum age for admission to hazardous work in federally-regulated undertakings at 17 years. The minimum age for hazardous work at the provincial level varies from 14 to 17 years. In Ontario, minors may not be employed in logging operations until they are 15 years old and may not be employed in factory work until they are 16 years old. Employment in mines and on construction sites are also generally limited to persons age 16 years and older, but employment in underground mines is generally limited to those at least 18 years old.

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25 See Canadian Labor Congress, *Minimum Age Laws in Canada*. The minimum ages for employment in the Provinces and Territories are as follows: Alberta (children from 12 to 14 years may be employed outside of school hours); British Columbia (children from 12 to 14 years are allowed to work; children under 12 years may work with the permission of the Director of Employment Standards); Manitoba (children under 16 years may not be employed without a permit from the Director of Employment Standards); New Brunswick (children under 14 years cannot be employed without a permit from the Director of Employment Standards); Newfoundland and Labrador (children under 16 years may not be employed without the written consent of the parent/guardian); Northwest Territories and Nunavut (children under 17 years may be employed with some exceptions); Nova Scotia (children under 14 years may work if it does not impede school work or healthy development); Ontario (children under 14 years may be employed except in industrial undertakings); Prince Edward Island (children under 16 years may be employed but cannot work between 11 p.m. and 7 a.m. Children may also be employed in plants processing agricultural or forestry products where there are no toxic substances or heavy machinery); Quebec (children under 14 years may work with parental consent); Saskatchewan (the minimum age for work is set at 14 years); and Yukon (children under 16 years may not work unless permitted by the Director or Superintendent of the school).


3.2 Forced Labor

Under the USMCA, Canada commits to adopt and maintain in laws and practices the elimination of all forms of forced or compulsory labor. The Charter of Rights and Freedoms prohibits forced labor and establishes “the right to life, liberty and security of person and the right to not be deprived thereof except in accordance with the principles of fundamental justice.” Canada’s Criminal Code prohibits human trafficking and prescribes a mandatory minimum sentence of five years for child trafficking. Under the Criminal Code “exploitation” is a crime and is defined as where “a person exploits another person if they cause them to provide, or offer to provide, labor or a service by engaging in conduct that, in all the circumstances, could reasonably be expected to cause the other person to believe that their safety or the safety of a person known to them would be threatened if they failed to provide, or offer to provide, the labor or service.” Factors that may be considered in determining whether an accused exploits another person, include whether the accused: (a) used or threatened to use force or another form of coercion; (b) used deception; or (c) abused a position of trust, power, or authority.

Canada has a strong legal framework to penalize perpetrators of all forms of human trafficking. In 2018, federal, provincial, and municipal law enforcement officials prosecuted and concluded 196 trafficking cases against 196 individuals and convicted 36 traffickers. Following the expiration, in 2016, of its four year National Action Plan to Combat Human Trafficking, the Government published an evaluation of the Plan in 2017 and conducted nationwide consultations in 2018 to inform its future efforts to combat trafficking in persons. In May 2019, the Government launched the Canadian Human Trafficking Hotline to connect victims and survivors of human trafficking to trauma-informed resources and services. In September 2019, the

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29 Agreement Between the United States of America, the United Mexican States, and Canada (USMCA), Chapter 23, November 30, 2018.
33 Ibid. at Article 279.04(2).
36 Ibid.
Government announced its new National Strategy to Combat Human Trafficking.\textsuperscript{38} Despite these efforts, men, women, and children are reportedly trafficked through and to Canada for forced labor.\textsuperscript{39}

\textsuperscript{38} Ibid.
\textsuperscript{39} Ibid.
MEXICO

EXECUTIVE SUMMARY

The Government of Mexico (GOM) has taken important steps since 2017 to improve protection of worker rights, as part of addressing long-standing concerns regarding the wide-spread registration of collective bargaining agreements negotiated by non-representative unions without the involvement or approval of workers. Under the USMCA Labor Chapter Annex (“Worker Representation in Collective Bargaining in Mexico”), Mexico commits to adopt specific legislative actions to provide for the effective recognition of the right to collective bargaining, strengthen freedom of association protections, and ensure union democracy. Consistent with these commitments, Mexico enacted historic labor law reform in May 2019. In 2018, Mexico also ratified the ILO’s Convention 98 on the Right to Organize and Collective Bargaining.

The legislation enacted in 2019 will implement the landmark Constitutional reform adopted in 2017 to transform the labor justice system. The reform will transfer the authority to adjudicate labor disputes from tripartite Conciliation and Administrative Boards (CABs) to new labor courts in Mexico’s judicial branch. The creation of labor courts addresses a long-standing concern about the composition and operation of the CABs. The reform will also transfer registration of unions and collective bargaining agreements (CBAs) to a new, independent, impartial, and specialized Federal Conciliation and Labor Registration Center. The reform establishes procedures to prevent the registration of CBAs entered into by non-representative unions that prevent genuine collective bargaining, which are known as “protection contracts.” Accordingly, the reform will ensure that workers have access to a hard copy of, are able to review, and ultimately vote to approve existing, new, and future revisions to CBAs before they can be registered by the Government and have legal effect.

Continued engagement with the GOM as part of the implementation of the USMCA and its labor obligations will be a critical part of improving protections for Mexican workers and leveling the playing field for U.S. workers and businesses. Key issues of note include: 1) verifiable demonstration of worker support for CBAs; 2) transparent procedures and expedited timelines for union representation elections; and 3) independence and impartiality in the administration of labor justice. This report also describes the enforcement of child labor and forced labor laws given the extent and nature of these problems. Finally, the assurance of adequate funding for the implementation of the labor justice reform is a central aspect of continued engagement with Mexico under the USMCA.

1. Overview of Legal Framework

Internationally recognized labor rights in Mexico are set forth in the country’s Constitution, the Federal Labor Law (FLL), and regulations issued by the Executive Branch.

Mexico’s Constitution guarantees freedom of association, including a prohibition on dismissals based on union affiliation or participation in strikes, and provides for collective bargaining and
the right to strike. The Constitution prohibits compulsory labor; establishes acceptable conditions of work with respect to a minimum wage, an eight-hour workday and a rest day, and safety and health protections; and prohibits employment discrimination. These rights and protections are also codified in the FLL, which applies to all 32 Mexican Federal Entities (31 states as well as Mexico City, which became a state as part of a reform to Mexico’s Constitution in 2016). In the case of occupational safety and health, federal regulations set out workplace requirements.

The GOM has established laws and regulations related to child labor, including its worst forms. The Constitution and FLL set the minimum age for employment at 15 years, subject to certain restrictions. The FLL establishes 18 years as the minimum age for hazardous work and provides a list of prohibited hazardous occupations or activities for children. In addition, children under 18 years old must have a medical certificate to work. The General Law to Prevent, Sanction, and Eradicate Human Trafficking and for the Protection and Assistance of Victims establishes penalties for forced labor perpetrators and assistance for trafficking victims.

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41 Constitución Política de los Estados Unidos Mexicanos, Articles 1, 2.VIII, 5, and 123.


The Constitution provides exclusive authority to Congress to enact labor laws and provides exclusive federal enforcement jurisdiction for labor matters related to 22 industrial sectors and services, three types of enterprises, and matters affecting two or more states.\textsuperscript{49} All other labor law enforcement is reserved for the states.\textsuperscript{50} Although the new labor legislation will significantly change the labor justice landscape, until that law is fully implemented\textsuperscript{51}, responsibility for enforcement of the FLL at the federal level will remain divided primarily between the Secretariat of Labor and Social Welfare (STPS), which undertakes workplace inspections, and the tripartite federal CAB, which conciliates and adjudicates individual and collective labor disputes between employers and workers.\textsuperscript{52} State departments of labor enforce labor laws at the state level, and local CABs will continue to carry out the same function as the federal CAB.\textsuperscript{53}

The federal CAB is divided into 61 operative units called “special boards” throughout the country, with 16 “special boards” in the Federal District that have particular scopes of jurisdiction.\textsuperscript{54} The local CABs are also subdivided into varying numbers of “special boards,”\textsuperscript{55} which are organized by location and whose geographic jurisdiction is determined by state governors.\textsuperscript{56} CAB decisions are final and may only be appealed on constitutional grounds through a separate judicial proceeding in federal courts referred to as the \textit{amparo} process.\textsuperscript{57} There are estimates of between 500,000 and 700,000 CBAs registered in all the CABs\textsuperscript{58}, of

\begin{itemize}
\item \textsuperscript{49} \textit{Constitución Política de los Estados Unidos Mexicanos}, Articles 73.X and 123.A.XXXI. The list of industries and services is codified in FLL Article 527.
\item \textsuperscript{50} Ibid., Article 124; \textit{FLL}, Article 529.
\item \textsuperscript{51} Mexico’s 2019 labor reform establishes deadlines for the creation of new Labor Courts (2022 for local courts and 2023 for federal courts) and the Federal Center for union and CBA registration (by 2021), \textit{FLL}, Transition Articles 3, 5 and 6.
\item \textsuperscript{52} \textit{FLL}, Articles 523, 524, and 604.
\item \textsuperscript{53} Ibid., Articles 523, 524, and 621.
\item \textsuperscript{55} \textit{FLL}, Articles 621 and 622; see, e.g., Secretariate of Labor, \textit{Local Conciliation and Arbitration of the Toluca Valley}, [online] 2014 [November 7, 2016], (divided into five special boards); available from http://www.edomex.gob.mx/juntatoluca#; Secretariate of Labor, \textit{Local Conciliation and Arbitration of Valle Cuautitlán Texcoco}, [online] 2015 [November 7, 2016] (divided into twelve special boards); available from http://juntatexcoco.edomex.gob.mx/jurisdiccion.
\item \textsuperscript{56} \textit{FLL}, Article 622.
\item \textsuperscript{57} \textit{Constitución Política de los Estados Unidos Mexicanos}, Article 107.V(d); Government of Mexico, \textit{Ley de amparo}, reglamentaria de los artículos 103 y 107 de la Constitución Política de los Estados Mexicanos, (2013), Article 170.I; available from http://www.diputados.gob.mx/LeyesBiblio/pdf/LAmp_150618.pdf; \textit{FLL}, Article 848; see also Commission for Labor Cooperation, \textit{Labor Relations Law in North America: Comparative Guides to Labor and Employment Law in North America}, pp. 147, 153 and 154 for discussion on the \textit{amparo} process.
\end{itemize}
which approximately 125,000 are in active workplaces⁵⁹, and over 500,000 labor dispute cases pending adjudication by the CABs.⁶⁰

2. Key Issues of Note

In 2017, the GOM passed a landmark Constitutional reform that fundamentally transformed the labor justice system in Mexico, transferring responsibility for registration of unions and CBAs to a new, independent, specialized federal entity and transferring the resolution of labor disputes, including the recuento (recount) voting process used to challenge union representation rights, to new labor courts.⁶¹ For the reform to be fully implemented, the GOM had to enact legislative changes to the FLL. On November 30, 2018, the United States, Mexico, and Canada signed the USMCA, which includes an Annex to the Labor Chapter that commits the GOM to adopt specific legislative actions to provide for the effective recognition of the right to collective bargaining.⁶² The legislation enacted in 2019 addresses the commitments in the Annex, and implements the 2017 Constitutional reform, and Mexico has appropriated over $70 million as part of the 2020 budget to begin a four-year implementation process of the reforms.⁶³

In 2016, the GOM developed a new inspection protocol to improve compliance with legal requirements that employers post and disseminate CBAs to employees at their worksites.⁶⁴ In 2015, the GOM amended the FLL to increase the minimum age for employment from 14 to 15 years, establish 18 as the minimum age for hazardous work and ratified ILO Convention 138 on the Minimum Age.⁶⁵

While acknowledging the progress the GOM has made on labor matters, this section provides a synopsis of some key labor laws related to internationally recognized labor rights found in the USMCA and issues of note that remain.

⁶³ In November 2019, Mexico’s Congress enacted a national budget for 2020 that includes approximately $70 million for the first year of implementation of the reform of labor justice administration. The reform process will occur over four years, and new institutions such as labor courts and administrative bodies will begin operations in stages during this timeframe.
2.1 Freedom of Association and Collective Bargaining

Under the USMCA, Mexico commits to “adopt and maintain in its statutes and regulations, and practices thereunder,” the labor rights of freedom of association and the effective recognition of the right to collective bargaining. The USMCA Labor Chapter Annex also commits Mexico to adopt and maintain measures in its labor laws that provide for the right of workers to freely engage in concerted activities, prohibit employer domination or interference in union activities, and provide for an effective system to verify that elections of union leaders are carried out through secret ballot votes. Mexico also commits to establish and maintain impartial and independent labor courts and to resolve labor disputes, including union representation challenges, through an expedited process (recuento) and to establish a new, impartial, and independent entity that is charged with the registration of unions and CBAs. To further meaningful collective bargaining, the Annex calls for verification by the new independent entity that the worksite at issue is operational, a copy of the CBA was made readily accessible to workers prior to a vote on the CBA, and the majority of workers covered by the CBA voted to approve the CBA through a secret vote before the agreement is registered. The Labor Chapter Annex also requires that the labor reform include the establishment of a centralized website that provides public access to all CBAs in force; a requirement for majority support for revisions of all existing CBAs to be verified by the independent entity; and a secret ballot vote within the first four years on all existing CBAs, verifiable by the new independent entity.

a. Verifiable demonstration of worker support for CBAs

Under Mexican law, when no CBA is present at a work site, an employer is required to negotiate a CBA upon the request of a union representative claiming to represent the workers. If the employer refuses to sign a CBA, the workers may exercise their right to strike. Prior to the 2019 labor reform, a trade union was not required to demonstrate that it represents workers that would be covered by a CBA before engaging in bargaining unless a CBA is already in force at the work site, in which case the union could then challenge the existing union’s control of that agreement. The FLL did not require workers covered by a CBA to ratify or otherwise demonstrate support for the agreement. Once an agreement is concluded, it is deposited with the appropriate CAB and has legal effect, granting exclusive bargaining rights to the union that holds title to the agreement. CBAs extend to all workers in the workplace, with few exceptions, and may be for either an indefinite or a specified period. If neither Party requests a revision of the CBA, the agreement will be extended for a period equal to its current period of validity or indefinitely.

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66 USMCA, Article 23.3.1(a).
67 Ibid., Annex 23-A, section 2(a) and 2(c).
68 Ibid., Article 23.10.6 and Annex 23-A, section 2(b).
69 Annex 23-A, section 2(e).
70 Ibid., sections 2(f)-(g).
71 FLL, Article 387.
72 Ibid., Articles 388 and 389.
73 Ibid., Article 390.
74 Ibid., Articles 396 and 397.
75 Ibid., Article 400.
The above legal framework created the possibility of negotiation of initial CBAs without the support or knowledge of the covered workers. In practice, such agreements, which are known as “protection contracts,” can be concluded before enterprises begin operations or hire any workers or only shortly thereafter, by unrepresentative unions supported by the employers, and in many cases provide only the minimum benefits required by the FLL.\(^{76}\) Once an agreement is registered at a worksite, other unions cannot bargain collectively unless they demonstrate that they represent the majority of workers through a CAB-run *recuento* process.\(^{77}\) Since the *recuento* process can be lengthy and delayed by procedural challenges, initial contracts can result in “protecting” employers from bargaining with representative unions.

The existence of protection contracts in Mexico has been documented by the Department of State, the ILO, academics, and civil society organizations.\(^{78}\) Legitimate collective bargaining requires negotiation by representatives freely chosen by the workers and not representatives appointed or dominated by employers.\(^{79}\)

In 2012, the GOM enacted the most significant reform of its FLL since 1974. The reform requires the CABs, and in some cases STPS, to make public CBAs and union registration materials, preferably by publishing them online, and to produce copies of the agreements upon request in accordance with the Federal Law on Transparency and Access to Information.\(^{80}\) The reform also required employers to post and disseminate copies of CBAs at worksites covered by

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\(^{77}\) *FLL*, Articles 388, 389, 895, and 931.


\(^{80}\) *FLL*, Articles 365 Bis and 391 Bis. STPS is responsible for publishing union registrations for unions under federal jurisdiction.
such agreements.\textsuperscript{81} Although the legal reform was an important and necessary first step to increase transparency, there are reports that it has not been fully implemented and that in many cases, the CABs have not set up online databases to post contracts and have poorly functioning websites. In some cases, accessing CBAs and union registration materials through the applicable transparency laws is reportedly difficult and time-consuming.\textsuperscript{82}

STPS developed a new inspection protocol, as part of its 2016 labor inspection strategy, to improve compliance with the requirement in Article 132.XVIII of the FLL that employers post and disseminate CBAs to employees at their worksites. The protocol establishes a detailed methodology and approach that inspectors must follow, during both regular and targeted inspections, to assess whether employers have complied with Article 132.XVIII and to seek remediation in case of violations. Under the protocol, STPS is to proactively target for inspection employers with registered CBAs, randomly selected from a list of employers with existing agreements to be provided by the CABs.\textsuperscript{83} In its response to the ILO’s Committee on the Application of Standards (CAS) regarding Convention 87 on Freedom of Association, the GOM indicated that, as of April 2018, STPS had conducted 197 labor inspections to implement the provisions of the protocol, benefiting 68,285 workers.\textsuperscript{84} However, the impact and results of such efforts are unclear, and reports indicate that STPS does not regularly publish information on protocol implementation, as required by the protocol.\textsuperscript{85}

The 2019 labor reform addresses the USMCA commitments in the Labor Chapter Annex and will help prevent new protection contracts and root out existing ones. The reform establishes a Federal Conciliation and Labor Registration Center (the Center) to register unions and CBAs and requires that, in order to request that the employer negotiate an initial CBA, a union must obtain a “Certificate of Representativeness” from the Center.\textsuperscript{86} The union must request the Certificate in writing, and the request must include the name of the union, address where it can be notified, and name and address, or identification data, of the employer or worksite, as well as the business activity of the workplace.\textsuperscript{87} The request must also be accompanied by a list showing the union

\textsuperscript{81}Ibid., Article 132.XVIII.
\textsuperscript{83}Secretariat of Labor and Social Welfare, Protocolo del Operativo Sobre Libre Contratación Colectiva.
\textsuperscript{85}Maquila Solidarity Network, Labor Justice Reform in Mexico- Briefing Paper, July 2017.
\textsuperscript{86}FLL, Articles 390 Bis, 523, and 590-A; available from http://dof.gob.mx/nota_detalle.php?codigo=5559130&fecha=01/05/2019. As of the date of this report, an official version of the FLL reflecting the new labor reform has not been published. Henceforth, references to labor reform provisions can be found in this link.
\textsuperscript{87}Ibid., Article 390 Bis.
has the support of at least 30 percent of workers that would be covered by the CBA. The list must include the name, unique identity code, date of hire, and signature of covered workers that support the union.  

The Center will publish the Certificate request on its website and the employer will be required to post it inside the worksite in order to inform the workers and any other unions that want to request a Certificate. If only one union requests the Certificate, the Center will gather information from the relevant authorities to verify that the workers on the list represent at least 30 percent of the employed workers and issue the Certificate. If there is more than one union, the Center will issue the Certificate to the union that obtains majority support from voting workers at the enterprise through a personal, free, direct, and secret ballot vote administered by the Center. To hold the vote, the Center will first verify that each competing union can demonstrate that it has the support of at least 30 percent of the workers covered by the CBA, in which case it will gather the necessary information from the corresponding authorities to establish the voter list and administer the vote. To obtain a majority of votes, at least 30 percent of workers covered by the CBA must have voted.  

The 2019 labor reform requires that in order to register an initial CBA with the Center, the party registering the CBA must include the following: a) documentation demonstrating the legal personality of each contracting party, b) a copy of the CBA, c) the Certificate of Representativeness, and d) the scope of application of the CBA. Upon receipt of this information, the Center will have 30 days to issue a registration determination. Prior to registration of an initial CBA, or agreed upon revisions, the Center will verify that the CBA was approved by the majority of workers covered by the agreement through a personal, free, and secret vote. At least ten days prior to the vote, the union must notify the Center of the vote, including the date, time, and place of the vote, and must provide a copy of the CBA subject to approval. The union must notify voters of the vote at least 10 days, and no more than 15 days, prior to the vote. The union must make available to the workers a complete copy of the CBA or the agreed upon revision that will be the subject of the vote.  

The union will publish the results of vote in a visible and easily accessible place at the worksite and the corresponding union premises within a period of two days after the vote. The union will give notice to the Center under oath of the results of the vote within three business days, so the Center can publish it on its website. Voting records must be maintained for a period of five years for purposes of verification by the labor or registration authority. The Center may verify that the voting process was consistent with the FLL requirements. In case of inconsistency in the voting process, the Center will declare the results null and void and will order a new election. If the CBA or agreed upon revision is approved by the majority of workers, it will be registered,

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88 Ibid.
89 Ibid.
90 Ibid., Article 390.
91 Ibid.
92 Ibid., Article 390 Ter.
93 Ibid.
94 Ibid.
95 Ibid.

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as long as the union has met all other FLL requirements for registration. Otherwise, the union may continue negotiations and carry out a new vote, or go on strike if a strike notice was filed.  

In addition to the aforementioned process for workers to approve CBA revisions, the amended FLL also specifies that, every two years, CBA revisions made upon request of either party will be subject to approval by workers covered by the CBA through the secret ballot process established in Article 390 Ter. The 2019 reform also specifies that existing CBAs will be revised at least once within four years of the reform taking effect and that such revisions must be approved through a secret ballot process in accordance with Article 390 Ter.

The reform also calls for election of union leaders to be carried out through a personal, free, direct, and secret vote, with established rules for carrying out the vote. It also establishes that the Federal Center or STPS may verify that elections comply with the established requirements at the request of the union leaders or at least 30 percent of union members. The Center may also verify compliance with the FLL on its own initiative if the election documentation submitted to the Center raises a reasonable doubt about the veracity of the information. In those cases, the Center may call for and run a new election.

b. Transparent procedures and expedited timelines for union representation elections

Previously under Mexican law, workers seeking to challenge an existing union to obtain control and ultimately renegotiate a collective bargaining agreement that has been deposited with the CABs have had to initiate a CAB-run recuento process to demonstrate that they have majority support of workers covered by the existing agreement. The filing of a request for a recuento launched a pre-election period during which workers often reported facing intimidation, threats and pressure from their employer, and, as a result, workers abandoned organizing efforts in many instances. Additionally, as a result of protection contracts, employers and unions that control existing CBAs at a work site have been able to use delay tactics, including introducing third unions aligned with the existing union into the recuento process, changing the union’s name and address, challenging the competing union’s legal personality, and filing repeated, largely

96 Ibid.
97 Ibid., Article 400 Bis.
98 Ibid., Transitional Articles, Article 11.
99 Ibid., Articles 358 and 371.IX.
100 Ibid., Article 371 Bis.
101 Ibid.
102 Ibid., Articles 388, 389, 893, 895.III, and 931.
procedural, objections to the recuento process. These tactics have caused delays at times lasting years and undermined workers’ independent organizing efforts.

Under the 2017 Constitutional Reform, the recuento process is established as a judicial labor function that would be administered by new state or federal labor courts, as appropriate, presided over by specialized labor judges. In the case of recuento elections, the USMCA Labor Chapter Annex calls for the legislation to provide that union representation challenges are carried out by the labor courts through a secret ballot vote, and are not subject to delays due to procedural challenges or objections, including by establishing clear time limits and procedures. In addition, the USMCA Labor Chapter commits signatory parties to take measures to address violence or threats against workers exercising their labor rights.

The 2019 labor law reform implementing the 2017 Constitutional reform establishes that union representation challenges be carried out by the labor courts through a secret ballot vote and establishes a timeline for carrying out recuentos and for filing and resolving objections. The reform establishes a period of five days for the respective labor court to gather the necessary information to establish a voter eligibility list and seven days for the parties to the recuento to file objections to the information that will be used to develop the voter list. The court will then set a hearing within three days to hear the evidence related to the objections. After the hearing, the court will have seven days to establish the voter list and set the date, time, and place for the recuento. The reform does not require the court to set the date for the recuento within a certain time, but Article 735 of the FLL provides that “when the realization or practice of a procedural act or exercise of a right has no fixed time limit, the period shall be three working days.”

c. Independence and impartiality in the administration of labor justice

Prior to the 2017 Constitutional reform, Mexico’s Constitution designated tripartite federal and local CABs for the adjudication of all labor justice matters. The CABs were empowered to resolve individual and collective disputes between workers and employers, determine strike

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105 Constitución Política de los Estados Unidos Mexicanos, Article XX.
107 Ibid., Article 23.7.
108 FLL, Articles 388, 389, 897-C, 897-F, and 897-G.
109 Ibid., Article 897-F.
110 Ibid.
111 Ibid., Article 735.
112 Ibid., Article 604 and 698.
legality;\textsuperscript{113} register collective bargaining agreements;\textsuperscript{114} and administer the \textit{recuento} process described above.\textsuperscript{115} In worksites under federal jurisdiction, unions had to register with STPS, and in industries and enterprises outside federal jurisdiction, with local CABs.\textsuperscript{116} Any changes to union rules and bylaws defining the union’s scope of representation (\textit{radio de acción}) had to be communicated to the registration entity.\textsuperscript{117} The U.S. Government, the ILO, and labor stakeholders in Mexico and globally have expressed concerns regarding the CAB structure for many years.

STPS and local CABs also granted official recognition for newly elected union leaders (\textit{toma de nota}), after verifying that their election processes conform to union rules and FLL criteria.\textsuperscript{118} Unions in industries or enterprises that fall under federal jurisdiction had to register or amend their rules and bylaws and petition for \textit{toma de nota} for their leaders directly with STPS’s General Directorate of Registry of Associations (\textit{Dirección General de Registro de Asociaciones}, DGRA), not with the federal CABs.\textsuperscript{119}

The federal and local CABs were established as executive branch entities, outside the judiciary and only nominally under the authority of STPS and state labor authorities, respectively.\textsuperscript{120} They were composed of one government representative and equal numbers of business and labor representatives.\textsuperscript{121} Worker representation on the CABs was determined at CAB election conventions held every six years, attended by union delegates from the corresponding geographic area, sometimes further divided by subject matter.\textsuperscript{122} The number of votes allotted to each union delegate was based on the number of workers covered by collective bargaining agreements controlled by the delegate’s union. Thus, the unions whose agreements covered the most workers had the most votes and, correspondingly, had the greatest representation on the CABs.\textsuperscript{123} Employer representatives were elected at similar CAB election conventions.\textsuperscript{124} Alternates to worker and employer representatives were also elected through this process. The government representatives that led the “special boards” were appointed by STPS for the federal CABs and by a state minister of labor for the local CABs.\textsuperscript{125}

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\textsuperscript{113} Ibid., Articles 929-34. \\
\textsuperscript{114} Ibid., Article 390. \\
\textsuperscript{115} Ibid., Articles 389 and 931. \\
\textsuperscript{116} Ibid., Article 365. \\
\textsuperscript{117} Ibid., Article 377.II. \\
\textsuperscript{118} FLL, Article 377(II); Supreme Court of Mexico, Full Chamber, \textit{Tesis Jurisprudencial 32/2011}, (June 20, 2011); available from https://suprema-corte.vlex.com.mx/vid/jurisprudencial-pleno-jurisprudencia-327887527, citing a 2000 Supreme Court decision (86/2000), which had interpreted STPS’s analogous authority to review \textit{toma de nota} petition. \\
\textsuperscript{119} FLL, Article 365; Supreme Court of Mexico, Full Chamber, \textit{Tesis Jurisprudencial 32/2011}, citing Supreme Court decision (86/2000). \\
\textsuperscript{120} FLL, Articles 614, 621-623. \\
\textsuperscript{121} Ibid., Articles 605 and 623. \\
\textsuperscript{122} Ibid., Articles 648 and 651. \\
\textsuperscript{123} Ibid., Articles 648 and 660. \\
\textsuperscript{124} Ibid., Article 648. \\
\textsuperscript{125} Ibid., Article 633.
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In particular, due to the geographic nature of the CABs’ jurisdiction, employers’ and workers’ representatives were often parties to the labor matters or disputes at issue before the CABs. Additionally, the matters before the CABs could directly or indirectly challenge the status quo, including by deciding control and potential renegotiation of existing protection contracts. Therefore, there are long-standing concerns that the tripartite composition of the CABs undermined the independence, objectivity, and impartiality of the system of labor justice administration.

Specifically, the CABs’ treatment of independent unions’ petitions, particularly with regard to requests for union registration, registration of bylaws, official recognition of newly elected leadership, administration of the recuento process, and strikes, resulted in several cases of well-documented allegations of CAB bias and lack of impartiality. Documented accounts of CAB bias include the U.S. Department of State’s Human Rights Reports, various U.S Department of Labor (DOL) submission reports of review under the NAALC, the ILO, published reports by experts, and stakeholder communications. For example, the CABs have rejected registrations of independent unions, their bylaws, and their leadership (toma de nota) on highly technical grounds (e.g., misspellings) and subsequently delayed notifying unions of these decisions.126 CABs have also delayed or denied union representation to workers by narrowly interpreting the scope of radio de acción to exclude the workers the union is attempting to represent, and requiring the union to amend its bylaws and resubmit them.127 Further, bias by the CABs has been reported in decisions that declared strikes unlawful on technical grounds, with the result that there have been very few lawful strikes.128

Through the NAALC submission review process, reports by the DOL found that federal and local CAB proceedings and decisions raised questions about the impartiality of the boards and whether Mexico was meeting its obligations under NAALC Article 5 to ensure that labor tribunal proceedings were “fair, equitable and transparent” and that labor tribunals were “impartial and independent” and did not have substantial interest in the outcome of the matter.129

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To address these concerns, Mexico’s 2017 Constitutional reform eliminates the tripartite CABs and transfers responsibility for adjudicating all judicial labor matters, such as ruling on unjust dismissal and discrimination cases and overseeing and administering the recuento process, to newly created labor courts in the state and federal judiciaries,\textsuperscript{130} overseen by specialized labor judges. As discussed above, the reform also creates a new, independent decentralized Federal Center to carry out all registrations of CBAs and unions, as well as any related administrative labor functions, including responding to requests under the Federal Law on Transparency and Access to Information. The 2017 reform also established that before going to the labor courts, workers and employers must take part in conciliation proceedings.\textsuperscript{131} At the federal level, the conciliation functions are to be carried out by the Federal Center and at the state-level, by specialized Conciliation Centers.\textsuperscript{132} Conciliation Centers will only carry out conciliation functions and not registrations of unions or CBAs.\textsuperscript{133} Pursuant to the Constitutional reform, the conciliation phase will consist of only one mandatory hearing, with subsequent conciliation hearings held only by agreement of the disputing parties.\textsuperscript{134} Conciliation processes should not exceed 45 calendar days.\textsuperscript{135} Labor disputes involving the following issues will be exempt from this conciliation requirement: employment and job discrimination based on sex, race, religion, ethnicity, and social condition; designation of beneficiaries upon death; social security benefits; the protection of fundamental rights, such as freedom of association and collective bargaining, and prohibitions on trafficking and forced labor, and child labor; challenges to union representativeness; and challenges to union statutes or their modifications.\textsuperscript{136}

The new Federal Center is to be responsible for implementing the heightened transparency provisions of the 2012 labor law reform that require that information related to CBAs and union registration materials be made publicly available, including by publishing full union bylaws on line and preferably publishing full CBAs online, as well.\textsuperscript{137} The Center is required to be objective, impartial, and transparent; have autonomy with respect to technical, operational, financial, and budgetary matters, as well as in decision-making; and be led by a director confirmed by the Mexican Senate to help ensure sufficient independence from the Executive Branch.\textsuperscript{138}

The USMCA Labor Chapter Annex requires the enactment of labor reform that abolishes the CABs as contemplated in the 2017 Constitutional reform. The Annex also requires each CBA to be made available in a readily accessible form to all workers covered by the CBA through enforcement of Mexico’s General Law on Transparency and Access to

\textsuperscript{130} \textit{Constitución Política de los Estados Unidos Mexicanos}, Article 123(A)(XX).

\textsuperscript{131} Ibid.; FLL, Articles 590-F and 684-B.

\textsuperscript{132} \textit{Constitución Política de los Estados Unidos Mexicanos}, Article 123(A)(XX); FLL, Articles 590-A, 590-E and 590-F.

\textsuperscript{133} Ibid.

\textsuperscript{134} FLL, Article 684-E.VIII.

\textsuperscript{135} FLL, Article 684-D.

\textsuperscript{136} FLL, Articles, 684-B and 685 Ter.

\textsuperscript{137} \textit{Constitución Política de los Estados Unidos Mexicanos}, Article 123(A)(XX).

\textsuperscript{138} FLL, Article 590-B.
Public Information and establishment of a centralized website that provides public access to all CBAs in force and is operated by an independent entity charged with registration of CBAs.\textsuperscript{139}

The 2019 Mexican labor law reform implements the provisions from the 2017 reform that eliminated the CABs, replacing them with new federal and state-level labor courts, a Federal Center with state offices or delegations, and Local Conciliation Centers in each of the states. The reform establishes a transitional period of two years from the time of enactment, where the CABs and STPS will continue their registration function.\textsuperscript{140} The state-level courts, which will have jurisdiction over non-federal matters, and Local Conciliation Centers are to initiate adjudication and conciliation functions, respectively, within three years of the law’s enactment, and the Federal Center and federal labor courts will initiate conciliation and adjudication functions within four years.\textsuperscript{141} During this time, the CABs will continue to resolve pending labor disputes and to accept new cases, and STPS and the CABs will continue their registration functions accordingly.\textsuperscript{142}

The reform also requires the Center to provide certified copies of the most recent version of a CBA upon payment of a corresponding fee.\textsuperscript{143} It also calls for the Center to make public for consultation, the information related to the registered CBA, to issue copies in accordance with Mexico’s transparency law, and to make available on its website the complete set of registration documents.\textsuperscript{144} The legislation also adds a requirement for employers to provide workers with a free printed copy of an initial CBA, or its revisions, within 15 days after the CBA is deposited with the Center.\textsuperscript{145}

3. Other Issues of Note

3.1. Child Labor

Under the USMCA, Mexico commits to adopt and maintain in its statutes and regulations, and practices thereunder, the effective abolition of child labor and a prohibition of the worst forms of child labor.\textsuperscript{146} Children must be protected from working before a minimum legal age,\textsuperscript{147} and they must be protected from hazardous work and other worst forms of child labor.\textsuperscript{148}

\textsuperscript{139} USMCA, Annex 23-A, section 2(g)(i)-ii.
\textsuperscript{140} \textit{FLL}, Transitional Articles 3.
\textsuperscript{141} Ibid., Transitional Articles 5 and 6.
\textsuperscript{142} Ibid., Transitional Articles 7 and 8.
\textsuperscript{143} Ibid., Article 391.
\textsuperscript{144} Ibid., Article 365 Bis.
\textsuperscript{145} Ibid., Articles 132.XXX.
\textsuperscript{146} USMCA, Article 23.3.1(c).
\textsuperscript{147} See ILO, \textit{General Survey on the Fundamental Conventions Concerning Rights at Work in Light of the ILO Declaration on Social Justice for a Fair Globalization}, para. 327.
\textsuperscript{148} See Ibid., paras 541-42.
Enforcement of child labor laws

On June 12, 2015, Mexico amended the FLL to increase the minimum age for employment to 15 years subject to certain restrictions, increase the minimum age for hazardous work to 18 years, and expand the list of prohibited hazardous occupations or activities for children.\(^{149}\) In addition, on April 8, 2015, the GOM ratified ILO Convention 138 on Minimum Age. In 2017, STPS updated its inspection protocol to eradicate child labor and protect adolescents of permitted working age.\(^{150}\) However, concerns remain with Mexico’s enforcement of laws governing the minimum age for employment in rural areas or at small and medium enterprises. Children from impoverished indigenous communities are more vulnerable to the worst forms of child labor due to lack of education opportunities, linguistic barriers, and discrimination.\(^{151}\) DOL includes products from Mexico in its List of Goods Produced by Child Labor or Forced Labor.\(^{152}\)

### 3.2 Forced Labor

Under the USMCA, Mexico commits to adopt and maintain in its statutes and regulations, and practices thereunder, the elimination of all forms of forced or compulsory labor.\(^{153}\) In addition, Mexico commits to prohibiting the importation of goods from other sources produced in whole or in part by forced or compulsory labor, including forced or compulsory child labor.\(^{154}\) Forced labor includes services or other labor obtained through force or the threat of force. It includes forms of exploitation such as “bonded labor,” where a worker takes a loan or wage from an employer or labor recruiter in return for which the worker pledges his or her labor and sometimes that of family members in order to repay the debt. Indicia of forced labor also include other more subtle forms of worker control and coercion, such as the retention of identity papers and threats of denunciation to immigration authorities.\(^{155}\)

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\(^{153}\) USMCA, Article 23.3.1(b).

\(^{154}\) USMCA, Article 23.6.1.

Eradication of forced labor

The 2019 labor reform requires each company to implement, in agreement with its workers, a protocol to prevent discrimination, address violence and sexual harassment cases, and eradicate forced labor and child labor.\textsuperscript{156}

In January 2018, the GOM amended the General Law to Prevent, Sanction, and Eradicate Human Trafficking and for the Protection and Assistance of Victims, which criminalizes trafficking-related offences such as slavery, debt bondage, forced labor, and exploitative labor. The amendment aims to harmonize the Mexican legal framework related to human trafficking with international standards and clarifies the roles and responsibilities among federal, state, and local authorities to improve law enforcement efforts on trafficking-related offences.\textsuperscript{157} In 2017, STPS developed a new inspection protocol to prevent and detect cases of human trafficking and forced labor in the workplace.\textsuperscript{158} However, concerns still exist as to implementation of the law, particularly among vulnerable groups such as women, children, and migrant populations.\textsuperscript{159}

According to recent U.S. Government and media reports, there are thousands of forced labor victims in Mexico, particularly in small and medium farm enterprises.\textsuperscript{160} Many of these victims work under conditions that can evince forced labor, such as deceptive recruitment practices regarding working and living conditions; illegally withholding workers’ wages in escrow to prevent workers from leaving their jobs; wage payments below the legally required amount and unlawful wage deductions; providing unsafe living arrangements for workers and their families; induced or inflated indebtedness; and restriction on movement, including confinement, isolation, threats of violence, and detention.\textsuperscript{161} In 2018, DOL included products from Mexico in its List of

\textsuperscript{156} FLL, Article 132.XXXI.


\textsuperscript{159} See U.S. Department of State, “Country Reports – 2017: Mexico.”


Goods Produced by Child Labor or Forced Labor for the use of forced labor in violation of international standards. 162