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ENFORCEMENT OF THE UNITED STATES-MEXICO-CANADA AGREEMENT ("USMCA") RAPID RESPONSE MECHANISM: VIEWS FROM MEXICAN AUTO SECTOR WORKERS

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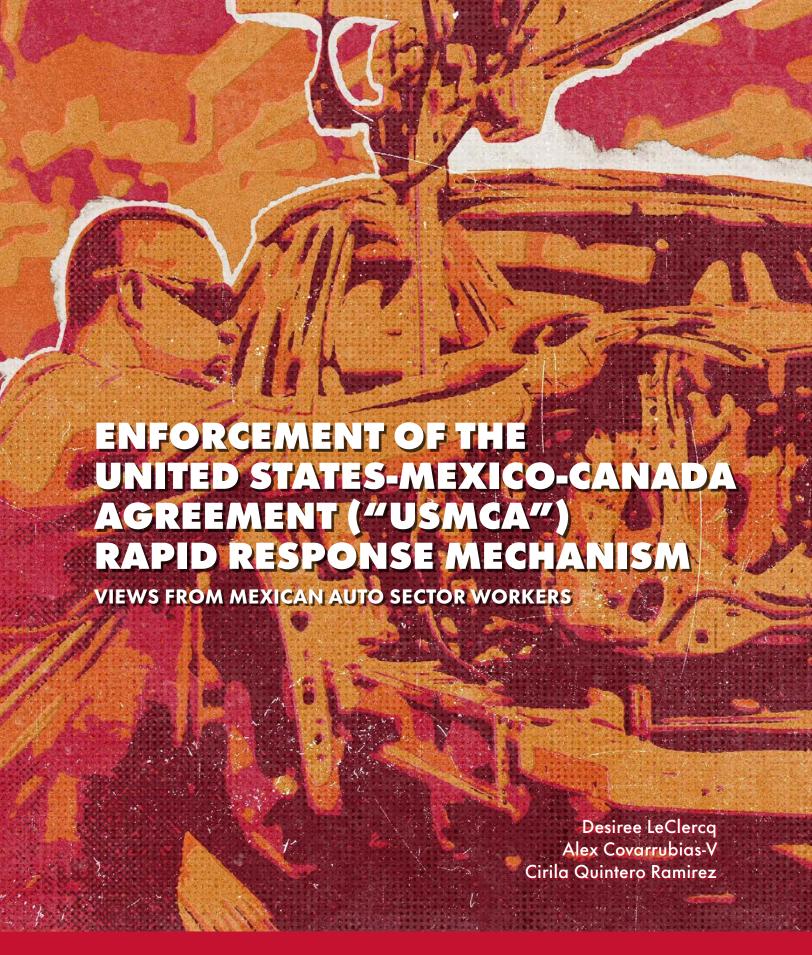
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ILR Worker Institute



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TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
BACKGROUND	11
The Mexican Auto Industry (MAI)	12
The 2019 Mexican Labor Reforms	15
The United States-Mexico-Canada Agreement (USMCA)	17
The Independent Mexico Labor Expert Board Report (IMELB)	20
U.S. Technical Assistance in Mexico under the USMCA	21
The 2026 USMCA Joint Review	21
THE LITERATURE ON THE RAPID RESPONSE MECHANISM	22
METHODOLOGY	25
FINDINGS	28
AUTO WORKER AWARENESS OF AND VIEWS ON THEIR RIGHTS UNDER THE NEW LABOR LAW REGIME	28
Auto Worker Awareness of their Rights under the Labor Law Reforms	29
Views on How the Labor Law Reforms Are Going	30
Worker Awareness of Union Representatives	34
Auto Worker Awareness of the Rapid Response Mechanism (RRM) and Role of the U.S. Government in Monitoring and Enforcement	38
Views on the Role of the U.S. Government in Reinforcing Organizing and Bargaining Rights	41
Views on the Motives of the U.S. Government	44
Auto Workers' Views on the Motives of their Union Representative	46

CONCLUSION	48
The Labor Law Reforms	49
The Legitimization Process	50
The RRM Grievance Platform	51
The Role of the U.S. Government in Reinforcing Labor Rights in the Mexican Auto Sector	52
RECOMMENDATIONS	53
General Recommendations for Policymakers and Technical Assistance Implementors	53
Technical Recommendations for the 2026 USMCA Joint Review	55
APPENDICES	59
A: Table of RRM Cases in the Auto Sector	59
B: Department of Labor Technical Assistance Projects Under the USMCA	61
C: Worker Demographic	64
D: Workers' Views on Employers	65
E: Worker Optimism	67

EXECUTIVE SUMMARY

Auto sector workers in Mexico have long faced challenging conditions for organizing, bargaining with their employers, and negotiating collective bargaining agreements in their favor. Mexico's labor regime has historically been characterized by negotiations between management and unions known as "employer protection unions" or "protection unions"—unions that collaborate with employers to minimize the costs incurred in wages, working conditions, and benefits. Employers and protection unions codified those minimum labor rights and workplace conditions in collective bargaining agreements known as "protection contracts" without including workers' views. Auto sector workers often did not know who their union representative was, whether they had a collective bargaining agreement, or the terms of the collective bargaining agreements governing their conditions of work.

Between 2017 and 2019, the Mexican government adopted monumental labor law reforms to empower workers. The new Federal Labor Law 2019 ("NLFT," following its Spanish acronym) established rules to guarantee that workers could elect their unions and "legitimize" and approve their contracts through personal, free, direct, and secret voting processes. The reform sought to end previous flawed practices and guarantee free association and collective contracting. The NFLT also created a new labor justice system and a decentralized Federal Center for Labor

Conciliation and Registration (FCCLR) as the body in charge of the registration, conciliation, and verification processes of consultation and union democracy procedures.

While Mexico was reforming its labor law regime, it was also finalizing the United States-Mexico-Canada Agreement (USMCA) on trade. The USMCA's labor chapter includes an Annex reinforcing the NFLT's reforms. Its dispute settlement chapter created a new mechanism, the Facility-Specific Rapid-Response Mechanism (the "Rapid Response Mechanism" or "RRM"), to enable individuals or groups to file a complaint or grievance with the U.S. government claiming that their facility has denied their right to freely associate or bargain. The U.S. government may, in turn, initiate a case against that facility in response to the petition, or through self-initiation, while simultaneously suspending the settlement of the facility's U.S. customs duty until the case is resolved.

The U.S. government carried out 17 cases in the Mexican auto industry (MAI) under the RRM between 2021 and May 2024. U.S. government officials laud those cases for empowering workers' voices in Mexico under a worker-centered trade policy—a policy that seeks to "ensure workers' voices are heard and considered throughout the policy-making process."

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This study examines whether the RRM empowers workers' voices in the MAI. To this end, between January and March 2024, we interviewed 130 workers across seven supplier facilities (auto plants facilities and logistics facilities) and five assembly plants, for a total of 12 facilities. Three of the facilities were not unionized; nine facilities were unionized. Three of the twelve plants had used the RRM ("RRM facilities"), addressing

various violations of labor rights, voting processes to approve or reject collective contracts, voting processes to elect independent unions, and dismissals and intimidation of workers in union activism. All three RRM cases were remediated through plans requiring the facility to hold a new legitimization vote and union election and offer worker-level trainings.

This study does not claim to represent the views of the hundreds of thousands of diverse workers in Mexico's auto sector.³ It is an exploratory study intended to elevate workers' voices in three central regions of the auto industry—the Northern, Bajio, and Central regions of Mexico—and to consider workers' views on the progress and limitations of labor law reforms, the RRM, and technical assistance from the US government.

The study's exploratory nature marks an initial step that may be supported or refuted by future studies with greater representative capacity and qualitative depth. Therefore, the conclusions and recommendations offered—with the exception of the need to conduct more extensive research on the positions and opinions of workers—are preliminary.

Our preliminary results problematize some assumptions that drove RRM implementation. The Biden administration and members of the United States Congress have promoted the RRM as a way to strengthen the Mexican government's efforts to implement Mexican labor law reform, empower workers in productive export sectors, and give them a voice over their labor conditions. Our results suggest that, four years after the implementation of the USMCA and the reforms of Mexico's labor legislation, a little more than half of the workers are aware of the labor law reform, and opinions are divided on whether it is strengthening labor rights. Some workers thought the reforms were going well, while many thought the reform process was going poorly or

did not know how it was going. The majority of workers we interviewed revealed that they did not understand the new democratic procedures to legitimize their collective bargaining agreements, nor that they could access the RRM platform to express their complaints.

Nevertheless, the workers we interviewed at RRM facilities tended to be more knowledgeable of the labor law reforms and its attendant rights and processes than those at facilities that have not undergone RRM investigation and remediation, and they tended to view their bargaining representative and conditions of work more favorably. Our study suggests that when workers are given the opportunity to participate in democratic elections under international supervision, after receiving training on the shop floor about their rights and election procedures, they gain knowledge and ownership over their working conditions.

The workers we interviewed at RRM facilities relatively recently, in 2023, tended to be more knowledgeable and view their unions more favorably than those at facilities that underwent enforcement in 2022. That discrepancy may suggest that the training workers receive regarding their labor rights under the RRM are insufficient, and limitations may prevail in the knowledge acquired with these experiences, preventing consolidated learning over time.

Furthermore, less than a third of all the workers we interviewed indicated that they were aware of the US government's role in supporting their fundamental rights at work by supporting those rights under the RRM. Of those who were aware of the reforms, however, two-thirds expressed support for that role.

Using field evidence, we offer general recommendations that may be useful to decision-

makers. These recommendations include making worker training programs more comprehensive, developing bottom-up technical assistance, granting workers a new opportunity to legitimate their collective bargaining agreements, and offering a longer period to participate in election procedures under RRM remediation plans. It also offers recommendations for the USMCA's 2026 joint review to align the RRM procedures to the general recommendations. Beyond those USMCA-specific recommendations, we hope more broadly to inform trade partners considering an RRM-type mechanism in their future trade instruments data on what has worked and not worked under the first RRM effort.

This report was designed through collaboration between Cornell University's ILR School, its Worker Institute, Cirila Quintero Ramírez (El Colegio de Frontera Norte), and Alex Covarrubias-V (El Colegio de Sonora). It is organized into five sections in addition to this Executive Summary.

The "Background" section situates the present labor relations in the Mexican auto sector within its historical, social, and legal contexts. It describes the labor laws and the lack of enforcement of the laws that have historically hindered the worker's capacity to bargain for better wages and working conditions. It then describes Mexico's 2019 labor law reforms, emphasizing how they affected the auto sector and efforts by the U.S. government under the USMCA to enforce those reforms.

The "Literature on the Rapid Response

Mechanism" section describes the literature examining and predicting how the USMCA and the RRM will affect the rights of Mexican workers. Some researchers assume that the RRM cases empower workers in Mexico by protecting free and fair elections and offering workers a platform to raise complaints against their employers. Others, however, note that the RRM depends on workers

knowing about and accessing the enforcement platform. The literature exposes assumptions of worker knowledge and empowerment in the RRM design and messaging. It raises questions about the sustainability and efficacy of a trade agreement mechanism designed to center on workers whom it fails to include.

The "Methodology" section describes the research design of our evaluation of the conditions of freedom of association and collective bargaining in the Mexican auto sector in 2024. It explains our mixed-methods study, which includes extensive desk research and quantitative interviews with workers in the Mexican auto sector.

The "Findings: Workers' Awareness of and Views on the Labor Law Reforms as Enforced by the RRM" section details the results of the field research, presenting data and observations whose purpose is to make ostensible the beliefs, opinions, and information that workers have about the labor reform, the RRM, and the evolutions of their rights, wages and work conditions, as well as their union relations.

The "Conclusions and Recommendations" section offers general recommendations to trade policymakers and technical assistance operators of the RRM to emphasize the need to address the gaps in workers' knowledge and capacities and recommendations for the 2026 Joint USMCA Review.

MAIN FINDINGS OF THIS STUDY

OVERALL FINDING

Our findings suggest that workers at facilities that have undergone RRM enforcement activities are more aware of their labor rights and procedures than workers at facilities that have not undergone RRM enforcement activities There are various reasons for that disparate awareness, including but not limited to the worker-level training that workers received within the framework of RRM enforcement versus the union-level training that the U.S. Department of Labor conducted throughout Mexico. Nevertheless, neither workers at RRM facilities nor facilities that had not participated in RRM enforcement tended to be as knowledgeable about the labor law reforms, the process to approve their collective bargaining agreements, and union election procedures as commonly presupposed in the current trade and labor discourse.

WORKERS' AWARENESS OF AND VIEWS ON THE NEW LABOR LAW REGIME

- Approximately 55% of the workers we interviewed were aware of Mexico's labor law reform. The remaining workers had either not heard (26%) or were unsure (18%). Of those workers who were aware of the reforms, 57% felt the reforms were going well, 17% felt the reforms were not going well, and 26% were unsure.
- Workers at RRM facilities we interviewed tended to be more aware of the labor law reforms (76%) than workers at non-RRM facilities (48%).
- Workers at RRM facilities who were aware of the labor law reforms tended to view those reforms more positively (60%) than workers at non-RRM facilities (55%). However, there were significant differences in workers' views across RRM facilities.

WORKERS' AWARENESS OF THE LEGITIMIZATION PROCESS

- Approximately 38% of worker interviewees responded that they understood what a legitimization process entailed, while 60% responded that they did not.
- Importantly, 33% of the worker interviewees
 who participated in the legitimization process
 did so without understanding the legitimization
 process. Several worker interviewees reported
 understanding the process but revealed through
 subsequent discussions that their understanding
 of it was incorrect.
- Although all the workers at the three RRM facilities we spoke with had participated in the legitimization process, 25% reported that they did not understand it. Of those who reported they understood the process, 63% of the workers thought they had approved their existing collective bargaining agreements. These data suggest that the workers we interviewed had not received sufficient training on the legitimization process.

WORKER AWARENESS OF THE RRM AND THE ROLE OF THE U.S. GOVERNMENT IN MONITORING AND ENFORCING THEIR NEW LABOR RIGHTS

- The majority of worker interviewees (66%)
 were unaware of the RRM or that they could
 call upon the U.S. government to support
 their association and bargaining rights.
 Approximately 53% reported that they would
 use the mechanism to make a complaint against
 their facility.
- The majority of worker interviewees at non-RRM facilities (79%) were unaware of the RRM or that they could call upon the U.S. government. Furthermore, 20% of those worker interviewees were aware that the U.S. government played a role in enforcing their freedom of association rights, and 58% of the knowledgeable workers approved of that role. At the same time, however, 47% of worker interviewees who were aware of the RRM reported that they would use the mechanism to make a complaint against their facility.
- By contrast, 70% of worker interviewees at RRM facilities were aware of the RRM mechanism and would be willing to use the mechanism to make a complaint. Approximately 58% were aware of the role of the U.S. government in enforcing their freedom of association rights, and 74% of knowledgeable interviewees approved of that role.
- Although opinions varied, 55% of all workers interviewed who approved of the role of the U.S. government in enforcing their freedom of association rights thought it was carrying out RRM activities to protect workers in Mexico, and 53% thought it was protecting workers in the United States. Slightly fewer workers (45%) thought the U.S. government was trying to

- increase production costs in Mexico and (45%) thought it was trying to exert power over Mexico.
- Approximately 37% of worker interviewees in non-RRM facilities who were knowledgeable about the role of the U.S. government thought that the government was trying to protect Mexican workers, and 47% thought the U.S. government was trying to protect U.S. workers. 53% of those interviewees thought the U.S. government was trying to raise the cost of production in Mexico, and 42% thought the U.S. government was trying to exercise power over Mexico.
- By contrast, 74% of worker interviewees in RRM facilities who were knowledgeable about the role of the U.S. government thought it was trying to protect Mexican workers, 58% thought the government was trying to protect U.S. workers, 37% thought the U.S. government was seeking to raise the cost of production in Mexico, and 47% thought the U.S. government was trying to exercise power over Mexico.

WORKERS' AWARENESS OF AND VIEWS ON THEIR UNIONS (BARGAINING REPRESENTATIVES) FOLLOWING THE LEGITIMIZATION PERIOD

- Of the worker interviewees at unionized facilities, 82% understood that a union represented them, and 61% joined their union voluntarily. Furthermore, 72% of those workers agreed with how their union has represented their interests. When asked whether their union had improved working conditions, 72% felt their union had raised their wages; 62% felt their union had improved conditions at the facility; 74% felt their union had improved their benefits; 62% felt their union had improved their job security; and 68% felt their union pursued or succeeded in bargaining. By contrast, 48% felt their union had pursued or succeeded in bringing complaints to management.
- Of the unionized facilities, 67% of worker interviewees at non-RRM facilities and 82% of workers at RRM facilities approved of the way their union represented their interests.
- Approximately 29% of worker interviewees indicated they wished another union represented them. That figure increases to 32% for non-RRM facilities and decreases to 21% for workers at RRM facilities

OUR GENERAL RECOMMENDATIONS INCLUDE THE FOLLOWING:

Design technical assistance programs to target workers on the shop floor.

Current technical assistance programs commit hundreds of thousands of dollars to training government officials, employers, and union representatives on the labor law reforms and the USMCA. Our study suggests that these efforts fail to reach the rank-and-file workers, perhaps owing to a lack of capacity and timing. We recommend that project implementors receiving funding from the U.S. government under USMCA offer workers on the shop floor direct training, perhaps in complement to training offered to the government of Mexico, union, and corporate officials. We further recommend that the government of Mexico support public education campaigns with a focus on ensuring accessible information concerning labor rights, protections, and grievance mechanisms.

Offer workers a new opportunity to legitimate their collective bargaining agreement.

While our study is too narrow to draw conclusions on the legitimization process, the results nevertheless reveal significant gaps in workers' knowledge of the legitimization process they participated in between 2021 and 2023. Given that workers legitimated the vast majority of extant collective bargaining agreements, perhaps without understanding the procedures, we recommend renewing the process once workers have received appropriate training.

OUR KEY RECOMMENDATIONS FOR THE 2026 JOINT USMCA REVIEW INCLUDE THE FOLLOWING:

Revise the RRM's process and create a protocol for U.S. labor attachés.

Although U.S. labor attachés frequently visit facilities in Mexico to investigate potential RRM complaints and grievances, their procedures are not formalized through a protocol, leaving their activities unpredictable. Our interview findings suggest a significant gap in workers' knowledge and awareness of the rights to which they are entitled, how or whether their facility is undermining those rights, and how to participate in elections to obtain new union representation. The RRM's process should explain the labor attachés' procedures to assist in offering that information. Those procedures should include interviews with workers and explanations to those workers of their rights, responsibilities, election procedures, and use of the RRM platform.

Revise the RRM's process to review complaints to ensure that all remediation efforts and plans will be communicated to the rank-and-file workers, not just the unions.

Our interview findings suggest that workers at RRM facilities are unaware of the remediation plans or outcomes of the attendant legitimization and union election votes. The RRM's process should stipulate detailed information distributed to workers at the workplace explaining the employer's commitments, any expectation of participation by the workers in upcoming votes, and the results of any votes or other procedures.

BACKGROUND

Mexico's automotive industry (MAI) is facing seismic labor changes. Historically, workers in the MAI suffered from suppressed wages, unsafe working conditions, and an absence of an independent union movement. Because of the relatively poor workplace protections, the production costs of auto parts and assembly in Mexico have been consistently lower than those in the rest of North America, motivating auto assembly plants and supplier facilities (made up of auto parts and logistics facilities) to move there.⁴

In 2019, the Mexican government adopted the NLFT stipulating, for the first time, protections for workers to organize and join unions of their choosing, requirements that workers obtain a copy of their collective bargaining agreements, and opportunities for workers to oust their current protection union representatives. It created independent institutions to register unions and administer labor conciliation and created an independent administration of labor justice.

That reform reflected significant pressure on Mexico under the auspices of the USMCA. Trade negotiators demanded commitments from the Mexican government to pass the NLFT and implement the reform. That concession was concretized in a new trade enforcement mechanism, the Facility-Specific Rapid Response Labor Mechanism ("RRM"), which permits any individual or group to file a complaint or call

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a dedicated hotline to the U.S. government concerning a denial of rights stipulated in the NLFT. Under the RRM, factories that allegedly deny workers their rights under the NLFT may face the suspension of settlement of the facility's U.S. customs duty.

Between 2020, USMCA's passage, and May 2024, when this project was carried out, the U.S. government pursued 17 RRM cases in the MAI, using those enforcement activities to evince its "worker-centered" trade policy that empowers workers and amplifies their voices. Since then, scholars, trade negotiators, and governments have debated whether the RRM serves the best interest of workers in Mexico and whether those workers are even aware of their new labor rights, let alone the RRM or the role of the U.S. government in empowering them.

Under the RRM, facilities accused of denying workers their rights under the NLFT face immediate reputational costs and frozen assets. Those penalties intend to motivate facilities to take expeditious remedial action. Consequently, the remediation plans and actions in the RRM cases have occurred within months, if not weeks, of the U.S. government's initiation of an RRM action. Workers at those facilities have sometimes faced immediate responsibilities to participate in new legitimization votes and union elections, raising concerns that they may not have had sufficient time to understand the new labor law reform, the legitimization process, or the implications of their votes for their bargaining agreements and rights.

THE MEXICAN AUTO INDUSTRY (MAI)

Mexico is a powerful hub of the global automotive industry and an export platform for North America. Consequently, the conditions within it affecting production, including wages, have captured the attention of trade partners, labor rights activists, and auto facilities worldwide.

The MAI is the fifth largest vehicle producer in the world, the first in Latin America. It is the world's fourth largest exporter of auto parts, the fifth largest exporter of light vehicles, and the first exporter to the United States market. Geographically, the three large industry clusters are: the Northern Border, the El Bajío Region, including Guadalajara, and the Central and Central Western regions.

FIGURE 1. MEXICO ASSEMBLY, ENGINE, AND TRANSMISSIONS PLANTS



 $Source: \textit{Mexican Association of Automotive Industries, A.C., \underline{https://www.amia.com.mx/about/plantas_ensamble/} \\$

The MAI contributes 22% of manufacturing employment and 18% of the sector's GDP, with 1.07 million direct jobs (both in the terminal industry and auto parts) and 3.5 million indirect jobs. As shown in Figure 2, employment in the MAI has doubled over the past ten years

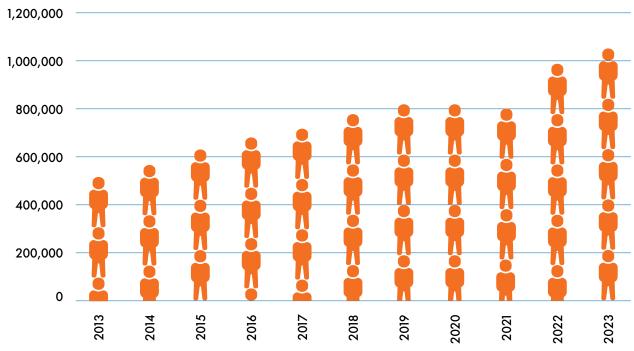
THE MAI AND THE UNITED STATES

Given the volume of trade between the United States and Mexico in the auto sector, the MAI is a central feature of Mexico-United States relations. Market access under the North American Free Trade Agreement (NAFTA) facilitated a significant rise in auto industry exports from Mexico into the United States and an unprecedented rise in new auto factories and assembly plants in Mexico. Twenty-four years after NAFTA went into force, auto production in the region had increased by 12% to 400% in Mexico. ⁵ By 2016, Mexico made 19.5% of all light vehicles assembled in North America, an increase from 6.5% in 1990. The U.S.

trade balance declined from a surplus of \$1.6 billion to a deficit of \$63.3 billion (two-thirds of which are attributed to vehicles and the remaining third to auto parts).⁶

The Trump administration called to renegotiate NAFTA, partly because of the mass emigration of jobs and investment in low-wage industries like the MAI and partly because of Mexico's trade surplus with the United States. Trump was not alone. Worker rights advocates and members of the U.S. business community had long complained that NAFTA was ineffective at ensuring that the MAI offered the same protections for workers' fundamental labor rights as offered in Canada and the United States. Members of the U.S. Congress hailing from auto manufacturing U.S. states complained that U.S. auto jobs and facilities had relocated to Mexico owing to its lower standards, which had created what they considered an unfair competitive advantage. That advantage benefitted Mexican auto facilities

FIGURE 2. JOBS IN THE AUTOMOTIVE SECTOR 2013-2023



Source: Covarrubias and Kuri, 2024.

but hurt U.S. workers, who lost auto sector job opportunities, and Mexican workers, who endured relatively poorer working conditions than auto sector workers in the rest of North America.⁷

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING IN THE MAI

Freedom of association and collective bargaining are fundamental international labor rights that constitute fundamental rights at work. Yet, historically, those rights have been inaccessible to workers in the MAI. Although workers are 100% unionized in assembly plants and 20% in supplier facilities, their unions have been predominantly "employer protection unions" (or "protection unions"), typically affiliated with la Confederación de Trabajadores de México (CTM).

The collective bargaining agreements that protection unions negotiate with employers have often been sham agreements ("employer protection contracts" or "protection agreements"). Workers have been unaware that a union represents them, let alone that they have had a collective bargaining agreement or the terms of that agreement. Of Sometimes, in complicity with unions, the employer would have registered its collective bargaining agreement before it began operations or hired workers. The collective bargaining agreements contained terms favorable to the employer, such as poor job security, meager wages, and lacking benefits.

This form of unionism significantly impeded Mexican workers' rights to freely organize, bargain, and strike. It also contributed to suppressed wages in the MAI, a lack of job security, poor benefits, and the lack of an internal workplace dispute mechanism.

THE 2019 MEXICAN LABOR REFORMS

After over two decades of implementation, NAFTA's critics complained that the agreement's labor provisions were not enforced due to a lack of sanctions. ¹² Fair trade advocates and U.S. unions accused the U.S. government of ignoring the conditions of foreign workers. ¹³ Trade unionists in all three countries highlighted the numerous discrepancies between Mexican labor laws and international labor standards and, most importantly, the problem of the lack of enforcement. ¹⁴

On May 1, 2019, the Mexican government, led by newly elected President Lopez Obrador, adopted the NLFT. According to the Mexican government, the reforms center on three pillars: (1) a new labor justice system, (2) free and democratic organizing, and (3) a decentralized Federal Center for Labor Conciliation and Registration (FCCLR).¹⁵ The governments codified those changes to Mexico's labor laws in Annex 23-A of the USMCA's labor chapter.¹⁶ As noted by ILO officials:

In particular, the reforms are aimed at ensuring the representativeness of trade union organizations, certainty in the negotiation and conclusion of collective bargaining agreements, and trade union democracy by guaranteeing the personal, free, direct and secret vote of workers¹⁷

WORKERS' EMPOWERMENT THROUGH BARGAINING

The labor reforms focus on replacing a collective bargaining system that left workers out of the negotiations and restricted their choice of representation with one that empowers workers by including them in electing their union representatives. For instance, as mentioned above, unions under the old system could declare themselves the representatives of workers at an auto facility and bargain with employers even

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before they hired workers. Under the labor law reforms, unions must now show that they enjoy the support of a majority of workers, or at least 30% of eligible voters, through a secret ballot election.¹⁸

The reforms also seek to ensure workers are aware of their collective bargaining agreements. Once the union establishes a collective bargaining agreement, it must circulate it to the workers and receive their approval before submitting it to the FCCLR for validation.¹⁹ Employers and unions must renegotiate their existing bargaining agreements every two years, which the majority of workers must receive and approve.²⁰

While the labor reforms aim to democratize collective bargaining, some aspects of Mexico's labor laws remain challenging for independent unions. For instance, once the FCCLR approves a union's Certificate of Representativeness, a union only has six months to negotiate and execute a collective bargaining agreement with the employer. If it fails to do so, the certificate expires (absent a strike), opening the door to challenges from other unions.²¹ Consequently, independent unions are under tremendous pressure to negotiate a collective bargaining agreement, while employers have little incentive to do so, particularly if they prefer a CTM-affiliated union.²²

THE NEW COLLECTIVE BARGAINING LEGITIMIZATION PROCESS

The NLFT created a new procedure, a secret ballot "legitimization" vote, to ensure that workers were aware of the terms of those agreements and were given the opportunity to approve or reject them.²³

The legitimization process was entirely new for the Mexican workforce. Under the established procedures, the incumbent union holding title to the collective bargaining agreement was responsible for scheduling a legitimization vote and had to give workers at least ten days' notice. That union decided when to hold the vote, made the arrangements for the vote, and asked either the FCCLR or a notary public whom the union hired and paid to observe the vote and verify that the proper procedures were followed.²⁴ The employer had to provide the necessary facilities and give the workers a printed or electronic copy of their collective bargaining agreement at least three business days to read their collective bargaining agreement.²⁵ After the vote, the union was supposed to post the results in the workplace and report them to the government.

The FCCLR oversees and approves legitimized collective bargaining agreements.²⁶ It adopted a protocol for legitimating collective agreements,²⁷ requiring it to declare the legitimization process null and void if there was evidence of irregularities constituting a violation of the rights of freedom of association and collective bargaining or of acts of deceit, violence, or coercion.

If the FCCLR verified the results of the vote and legitimated the collective bargaining agreement based on a majority of votes in support, the existing union—in most instances, the protection union—continued to represent the workers. If a majority of the workers did not vote to legitimate the contract, the FCCLR would declare it terminated, which would open the door to a challenge by an independent union and a union election.

If the FCCLR terminated a collective bargaining agreement, or if the legitimization process was not carried out by the established time frame, the law provides that workers retained any benefits and working conditions set out in the terminated collective bargaining agreement that were superior to those provided for by the NLFT, but they are no longer bound to representation by the union concerned.²⁸

The Mexican government initially established May 1, 2023, for legitimizing all existing collective bargaining agreements. As the date approached and only a fraction of legitimization elections had been carried out, the Mexican government extended the deadline to July 31, 2023.

Contrary to expectations, most workers who participated in the legitimization process did not reject their protection contracts. According to the Mexican government, of the hundreds of thousands of collective bargaining agreements that purportedly existed, it could only verify

139,000. Of those 139,000 agreements, workers legitimized 30,520 and rejected 286. The government terminated 108,184 contracts for failure to hold a legitimation vote.²⁹

The outcome of the legitimization process, in which workers validated 30,520 protection contracts, has raised "serious doubts about the credibility of the legitimation process." ³⁰ Citing other authorities, ³¹ Sandra Polaski notes:

A number of observers consider the high proportion of accepted CBAs to reflect a weakness of the transition process, in which the legitimation votes were organized and run by the incumbent union with limited oversight by the government, giving rise to concerns about the inherent conflict of interest in that approach and amid reports of misinformation, bribery, harassment, surveillance or other intimidation of workers.³²

THE UNITED STATES-MEXICO-CANADA AGREEMENT (USMCA)

The governments of Mexico, the United States, and Canada began negotiations on the USMCA on August 16, 2017, and signed the initial agreement on November 20, 2018.

The parties included Annex 23-A, Worker Representation in Collective Bargaining in Mexico, in the agreement's labor chapter. The Annex commits Mexico to implement its 2019 labor reforms in detail to ensure that Mexico's domestic legislative processes do not weaken or undermine the Mexican government's commitments to the United States and Canada.³³

The U.S. administration sent the USMCA to the U.S. Congress for approval in 2018. However, fair trade advocates and U.S. unions raised significant

concerns that the draft agreement did not go far enough in ensuring that Mexico's labor reform would pragmatically strengthen rights, particularly in trade sectors such as autos, where rights had historically been suppressed to attract businesses and investment opportunities.

On December 10, 2019, the U.S. Congress announced that they had agreed on a set of amendments to the 2018 agreement that would secure enough support to approve the USMCA. To that end, the parties added Annex 31-A to the dispute settlement chapter. That Annex, which outlines the "Facility-Specific Rapid Response Labor Mechanism" ("RRM"),34 authorizes the United States to impose remedies and ensure remediation³⁵ at a Mexican facility in a covered facility based on a good-faith belief that the facility has denied workers the right of freedom of association and collective bargaining.36 Covered facilities include supplier facilities and assembly plants that produce a good traded between Mexico and the United States or produce a good that competes in the territory of a party with a good produced by the other party.³⁷

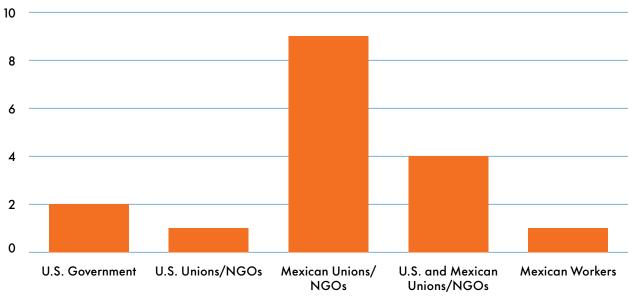
The USMCA's RRM entered into effect in July 2020. It focuses mainly on enforcing Mexico's NLFT. It is not a state-to-state dispute settlement mechanism. Instead, the U.S. government targets private facilities (and unions) under the mechanism sectors and services that compete with those in the United States, including the auto sector.

The RRM, as defined and explained in the USMCA, is a complex process that begins with filing a complaint or grievance (or the U.S. government can self-initiate) and may end with resolving the issue at the facility or through a formal panel proceeding. The RRM between the United States and Mexico is separate from the RRM between Canada and the United States. This report focuses only on the U.S.-Mexico RRM.

Although the U.S. government is the "party" responsible for initiating enforcement proceedings, the RRM creates two platforms that workers in Mexico may use to notify the U.S. government of violations of their collective bargaining rights under the Federal Labor Law to prompt enforcement action. Mexican workers (and other stakeholders such as unions, companies, and non-governmental organizations) may file a petition setting out their complaints, or they may call a web-based hotline established under USMCA to notify the U.S. government. 39

The U.S. government and Congress point to the RRM mechanism and its potential usage to support its characterization of the mechanism as a worker-centered tool. However, as illustrated in Figure 3, most of the petitions have been filed by Mexican unions, not individual workers, with assistance from U.S. unions and NGOs. The U.S. government has filed two through a self-initiation.

FIGURE 3. PETITIONER IN AUTO SECTOR RRM CASES (MAY 2021-JUNE 2024)



Source: The Office of the U.S. Trade Representative

The Mexican unions filing RRM petitions, illustrated above in Figure 3, comprise the independent unions challenging incumbent protection unions. Notably, those independent unions are often led by or at least include rank-and-file workers at the facility. Organizations such as the Solidarity Center and the International Lawyers Assisting Workers Network (ILAW), two U.S.-based international worker rights associations, often provide advice to those independent unions.

Once the U.S. government finds sufficient evidence of a denial of rights, it can "accept" the petition and ask the Mexican government to review it. Simultaneously, it may ask the U.S. Secretary of Treasury to suspend the settlement of the facility's U.S. customs duty until the underlying complaint is resolved. 40 To date, every notification of an RRM proceeding has been accompanied by a request for suspension. Those requests, consequently, place immediate reputational and potential economic pressure on the facilities.

If the Mexican government agrees that a Mexican facility has denied the rights stipulated in the RRM, it can work with the U.S. government to pursue a "course of remediation" to rectify the violation and, in many instances, return workers to the positions they would have been had the rights not been denied. These remediation plans, described briefly below, have thus far included immediate legitimization votes, union elections, and other corrective activities that include the rank-and-file and require informed participation.

In May 2021, President Biden's Office of the United States Trade Representative ("USTR") launched its first enforcement action. By May 2024, the U.S. government had launched 23 cases under the RRM, 17 of which were in the auto sector. ⁴¹ The Table in Appendix A shows the 17 auto sector cases, the region where they took place, and a brief description of how they were resolved. Some of those resolutions involved new legitimization votes, new elections ushering in independent unions, and the provision of worker-level trainings.

THE INDEPENDENT MEXICO LABOR EXPERT BOARD REPORT (IMELB)

As part of its USMCA implementing legislation, the U.S. Congress established the Independent Mexico Labor Expert Board (IMELB) to monitor and evaluate the implementation of Mexico's labor reform and compliance with its labor obligations. On March 20, 2023, the IMELB published its unanimous findings, which noted cases of progress but also concerns about compliance, resources, and transparency. That report⁴² illustrates the mixed results:

The mechanism has proved effective in enabling workers who are aware of the reformed law and procedures to exercise their rights under the USMCA and Mexican law to form independent unions and win the right to collective bargaining. In 6 of 7 cases (GM, Tridonex, Panasonic, Teksid, Saint-Gobain, VU), workers have won the right to representation by democraticallyelected, independent unions, and in three of these cases (GM, Panasonic and Teksid), independent unions have negotiated significant improvements in rights, wages and benefits. But there have been significant setbacks as well: many workers fired in these campaigns were not reinstated; in every case workers have faced threats and violence with no consequences for the perpetrators; and workers at some of these facilities continue to face strong resistance from employers and protection unions.43

VIOLATIONS OF FREEDOM OF ASSOCIATION IN LEGITIMIZATION VOTES

Reviewing the legitimization period in Mexico, the IMELB report observed the "numerous anecdotal and press reports of threats of loss of benefits or loss of employment if an agreement is rejected—although this is explicitly prohibited by the law—and of misinformation or suppression of information about the voting process."⁴⁴ The report noted that 193 complaints of misconduct alleged that no negative votes were submitted, and 70 indicated that 30% or more of the eligible voters did not cast votes. ⁴⁵ The report also found it "difficult to determine the degree of compliance" with employers' obligation to furnish workers with a copy of their collective bargaining agreements at least three days before the legitimization vote. ⁴⁶

THE LACK OF WORKER KNOWLEDGE OF THE LEGITIMIZATION PROCESS OR THE RRM

The IMELB report noted that approximately 87% of workers were parties to collective bargaining agreements terminated after the legitimization deadline. The experts expressed concern that, while the terms of the agreements are supposed to be maintained under law, "it is likely that in many cases workers lack the information and capacity to enforce these agreements effectively." 47

In theory, the RRM provides workers who lack the capacity to enforce their rights at work a platform, either through a complaints process or a dedicated hotline, to signal their legal rights violations. However, the IMELB report found it "highly doubtful that most Mexican workers are aware of these mechanisms."48 It observed that the RRM cases reflected ongoing organizing efforts and support by Mexican labor advocates and other unions, marking those cases exceptional in a legitimization process marred in irregularities.⁴⁹ And yet, "the approach leaves the responsibility to workers to raise complaints, rather than creating an effective and proactive enforcement system that is based on adequate monitoring to detect violations and adequate sanctions to deter them."50 It found "little indication that workers feel

empowered by the new legislation or are even aware of it."51

U.S. TECHNICAL ASSISTANCE IN MEXICO UNDER THE USMCA

To carry out the monitoring and enforcement activities under USMCA and the RRM, Congress approved five new labor attachés assigned to Mexico to "monitor and enforce the labor obligations of Mexico." ⁵² To date, neither Congress nor any federal agency has promulgated formal procedures for those labor attachés in Mexico, leading to criticism that attachés sometimes act unpredictably and fail to support workers in Mexico that are not affiliated with U.S. unions.

Congress allocated \$210 million to the United States Department of Labor ("DOL") for USMCA implementation activities: \$180 million for USMCA-related technical assistance projects and \$30 million for monitoring and enforcement.⁵³

Since 2020, the DOL has allocated significant portions of that funding to 10 technical assistance projects in Mexico (see Appendix B). At the time of writing, the agency indicates that it has allocated \$50 million to those projects and anticipates investing "an additional \$130 million in technical assistance and cooperation over the next four years to continue to support the government of Mexico to implement labor reform, strengthen labor standards to protect workers, promote acceptable conditions of work, and address risks of child labor and forced labor." 54

Some projects seek to raise worker awareness and assist their organizing activities. One project, implemented by the International Labor Organization (ILO), commits \$5 million to "build capacity among workers and employers...to

create an effective enforcement environment to support productive industrial relations." ⁵⁵ Under it, the ILO observes workplace votes to ensure compliance with the Federal Labor Law's new processes. The Solidarity Center is also implementing two projects that empower workers through independent unions. ⁵⁶ Nevertheless, the U.S. and Mexican governments acknowledged they could not reach all workplaces and facilities before the legitimization process concluded. They have not educated all workers about forming independent unions or using the RRM, relying instead on other means of education, such as word-of-mouth.

THE 2026 USMCA JOINT REVIEW

This study anticipates USMCA's six-year "joint review" by government representatives of Mexico, the United States, and Canada, which will take place in 2026. 57 That review will include "any recommendations for action by a Party" and decisions on any appropriate actions. If the parties decide during the 2026 meeting (or any six-year joint review after that) that they do not want to extend the agreement for another 16 years, they will conduct a joint review "every year for the remainder of the term of this Agreement." 58

Leading up to those discussions, recurring questions have arisen about the RRM, its effectiveness in enhancing labor rights protections for workers, and whether the threat and imposition of trade penalties under USMCA ensures compliance with the labor law reforms. Under a worker-centered trade policy boasting worker empowerment, a key indicator of that effectiveness is worker knowledge of the labor reforms, collective bargaining agreements and representation, and the RRM platform. The results of this study inform that evaluation.

THE LITERATURE ON THE RAPID RESPONSE MECHANISM

What is the RRM intended to accomplish, and is it achieving those objectives? This Section reviews the scholarly literature on the RRM, which complements this study's findings in many ways. That literature suggests that the RRM seeks to accomplish various objectives, including establishing consistent labor rules across trade partners and satisfying domestic stakeholders. Nevertheless, the Biden administration's workercentered trade policy adds an ambition to embolden workers, strengthen their legal protections, and win significant workplace gains.

To our knowledge, studies carried out on the USMCA have yet to ask workers in Mexico directly about their awareness of the labor law reforms, their new election procedures, or RRM enforcement mechanisms. Nevertheless, the literature offers information and insight into RRM enforcement and whether that enforcement has centered on workers as promised.

Mark Anner and Matthew Fischer-Daly assess the RRM cases through September 2023 and argue that "[w]orker voice is empowered through the [RRM] because it allows the US government to suspend the trade rights of individual companies operating in Mexico upon finding merit in worker complaints of the company's interference in their freedom of association and collective bargaining rights." 59 Applying a relative typology of "worker voice," the authors find that the RRM contains

"(mostly) positive components for each..." and argue that "worker voice is a fundamental part of the trade agreement, which has been effectively leveraged in several emblematic cases." They conclude that the RRM "provides a model for labor and dispute resolution chapters for other trade agreements going forward" and "provides an important example of a mechanism that contributes to worker voice." 60

Their views differ markedly from those of observers and participants in the legitimization processes. The Solidarity Center in Mexico and the International Lawyers Assisting Workers Network (ILAW) have traced the legitimization votes in the auto sector.⁶¹ They allege that the relatively high number of collective bargaining agreements legitimated by workers does not necessarily reflect the views of workers or empower them. Instead, it reflects the faulty legitimization process, whereby incumbent unions control the process and the messaging to workers, forbid workers from voting, and prevent outside observers from documenting the full vote. Those irregularities, these organizations argue, should have caused the Mexican government to intervene rather than certify the results.

Interviewing CTM and independent union leaders, Bensusán et al.⁶² suggest that workers' legitimization votes could have grave effects on their future working conditions, democracy, and unionization. Some of the interviewed CTM

leaders expressed that they had no intention of changing their corporate loyalties and that their suppression of wages benefitted the MAI. Those leaders cited the legitimization of their bargaining agreements as evidence of their skills to engender support among the rank-and-file and employers.⁶³ By contrast, independent union leaders expressed how their organizing efforts faced "a general passivity among workers," which they attribute to a lack of awareness among workers about the labor law reforms.⁶⁴

If the legitimization votes were irregular, workers should have been able to use the RRM to demand a new vote. Sandra Polaski argues that workers at firms that have undergone RRM enforcement "have gone on to achieve notably better wages and working conditions in most cases." Nevertheless, she also expresses concern with the constraints imposed "by inadequate numbers of labor inspectors and other labor staff and in many cases by their insufficient training, qualifications and pay," which she worries could undermine deterrence and labor enforcement.

Chad Bown and Kathleen Claussen seemingly question whether the RRM elevates Mexican workers' voices or those of U.S. unions. They argue that the U.S. government's enforcement actions "reflected the interests of American unions and policymakers, as the capacity building to educate Mexican workers to generate locally motivated cases would require time to take effect."66 They further note that most of the early RRM cases were in the auto sector and targeted Mexican subsidiaries of foreign-headquartered companies, suggesting that workers at those companies "may also be better informed about their potential rights than workers at Mexican-headquartered companies, thanks to access to information from union activity in other countries that travels through worker networks within the multinational."67

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agreements.

Alex Covarrubias proposes a five-stage model to consider the transformation of the country's industrial and labor relations system as attributed to the new law and the labor arrangements of the USMCA and its RRM.⁶⁸ He warns that the labor law reform remains in the early stages because the transformation has been top-down, with little participation and knowledge among workers. He emphasizes that the pace of change has been slow

and insufficient to provoke substantive changes in the prevailing model of spurious labor organizations and negotiations, thereby contributing to residual social dumping and suppressed wages in the MAI.

Research by unions in the United States and Mexico amplifies questions about worker knowledge and empowerment under the USMCA. In a joint 2021 report, independent Mexican unions Centro de Apoyo a la Libertad Sindical (CALIS) and Centro de Investigación Laboral y Asesoría Sindical (CILAS), the unions note that, notwithstanding the NLFT, information about auto sector union elections, leadership, and activities remains opaque and difficult to acquire.⁶⁹ Workers did not seem more aware of their collective bargaining agreements under the NLFT than before the labor reforms.⁷⁰

If workers are unaware of their fundamental labor rights, some question whether the RRM will practically impact workers' democratic participation in electing their union representative and weighing in on their collective bargaining agreements. Daniel Rangel, a research director who has participated in filing RRM petitions, argues that "the RRM cannot itself spur better working conditions and higher wages in Mexico."

It is our hope that this study advances further research on ways to elevate workers' voices in the Mexican auto sector, such that the RRM would serve as a reinforcing device accessible to all workers in the MAI.

METHODOLOGY

This study was financed by CAROW of Cornell University's ILR School with approval by its Institutional Review Board (IRB). This study reflects the opinions of auto sector workers in Mexico, derived from a questionnaire. The results of the study protect the confidentiality of the companies and workers. Accordingly, we refer to the companies generically. When we speak of an individual facility, we refer to them as "Facility A," "Facility B," or "Facility C." We do not name the unions; we only distinguish between independent and incumbent unions.

Between January and March 2024, we interviewed 130 workers across seven supplier facilities (auto plants facilities and logistics facilities) and five assembly plants, for a total of 12 facilities, using a non-probability snowball sampling where the interviewee could suggest other possible interviewees. We targeted eight states of central importance to the auto export sector in Mexico: Tamaulipas, Coahuila, Chihuahua, Sonora, San Luis Potosí, Guanajuato, Estado de México, and Morelos. Six of the twelve companies were headquartered in the United States, while the remaining six were headquartered outside North America.

We targeted assembly plants and supplier (auto parts and logistics) facilities to ensure obtaining a general perspective on Mexico's most important auto sector's value chain. Three of the twelve companies were not unionized, and nine were unionized. Three of the twelve companies had been the subject of an RRM enforcement action ("RRM facilities"), while nine had not been subject to an RRM enforcement action ("non-RRM facilities").

Breaking those figures down by sector and RRM facilities, much of our field-obtained data is disaggregated as follows:

- Unionized facilities
- Nonunionized facilities
- Non-RRM assembly plants
- RRM assembly plants
- Non-RRM supplier facilities
- RRM supplier facilities
- Unionized non-RRM supplier facilities

The number of employees at each type of facility is shown in Table 1, below. Table 2 represents the number of workers in RRM facilities.

TABLE 1. APPROXIMATE NUMBER OF TOTAL EMPLOYEES BY FACILITY TYPE

	Unionized Facility	Non- unionized Facility	Non-RRM Assembly Plants	RRM Assembly Plants	Non-RRM Supplier Facilities	RRM Supplier Facilities	Unionized non-RRM Supplier Facilities
Number of Employees at Facility	25,000	4,210	13,215	6,900	6,710	2,500	2,500
Number of Employees Interviewed	93	37	40	12	57	21	20

Source: Field Data, 2024

TABLE 2. APPROXIMATE NUMBER OF EMPLOYEES BY RRM FACILITY

	Facility A	Facility B	Facility C
Number of Employees at Facility	1,149	6,836	1,300
Number of Employees Interviewed	11	12	10

Source: Field Data, 2024

Based on our initial interviews, we designed our survey questionnaire to capture three categories of information:

- Workers' awareness of the labor law reform and the legitimization process under the NLFT;
- 2) Workers' awareness of the RRM platform and the role of the U.S. government; and
- 3) workers' views on their current union representatives following the legitimization process.

All of the interviews were conducted in Spanish with native Spanish speakers. Answers were usually "yes," "no," "I am not sure," or no answer/does not know ("N/A"). Some questions enumerated various employer responses. We coded the workers' responses by assigning them a numeric value between 1 and 4.

Appendix C sets out the workers' profiles, including their age range, level of education, and tenure at their facilities. Those demographics are representative of the auto sector worker population.

This study has certain limitations. First, we interviewed workers in 2024, five years after the labor law reforms and one year after the end of the legitimization period. Consequently, we do not have a baseline against which to compare workers' awareness of their labor rights or views on their unions before the labor law reforms or its enforcement under the USMCA. Nevertheless, this report disaggregates the workers' facilities, including workers at RRM and non-RRM facilities, to search for distinctions among workers who have received different levels of governmental interactions and information.

Second, we envisioned this project as a pilot study to constitute a basis for a more extensive auto sector project. As such, the number of workers interviewed for this study is small compared to the population of auto workers in Mexico. We could only visit facilities in some of Mexico's important auto sector regions and three facilities involved in RRM proceedings.

Third, under IRB and safety protocols, we anonymize all the facilities. Doing so necessarily loses some of the richness of the study. We could not, for instance, hypothesize differences among facilities based on which independent unions represent the workers or which protection unions remain present at the facilities. Nor could we hypothesize differences based on the geography of the plant, national origin, or the buyers.

Nevertheless, where we could, we identified distinguishing characteristics. Namely, Facility A underwent the most recent RRM enforcement action in 2023, while Facility B and Facility C underwent RRM enforcement activities in 2022. We also note commonalities, such as that all three RRM cases were resolved through a legitimization vote and a union election supervised by international observers, and workers received shop-floor trainings on the labor law reform. In that sense, the three facilities stood starkly against the non-RRM facilities, where facility trainings targeted unions and employers and did not have internationally supervised legitimization and union election votes.

FINDINGS

WORKERS' AWARENESS OF AND VIEWS ON THE LABOR LAW REFORMS AND PROCEDURES

This Section describes our survey results concerning workers' views on and awareness of the legitimization and union election procedures, the RRM platform, and their labor rights in practice at their workplace. We also asked workers questions about their relationships with their current unions, their employers' expressions of opinion concerning union organizing and RRM enforcement, co-workers' views on RRM enforcement, and the potential for unions to bargain for better conditions of work. We have included those questions and their responses in the appendices to this report.

As reinforced by the USMCA and RRM, the labor law reforms intend to empower workers in Mexico by giving them greater ownership over their bargaining conditions, union representatives, and workplace grievances. To benefit from enhanced labor rights and protections, however, workers must be aware of the new labor law regime, their collective bargaining agreements, and the opportunity afforded under the legitimization process to bargain for a new agreement.

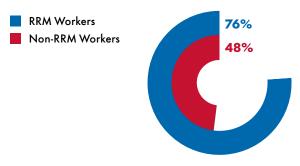
The following subsections describe the results of our questions to workers about their levels of awareness and understanding. As shown below, a slight majority of workers knew about the labor law reforms and their union representation. A significant percentage of workers who participated in a legitimization vote did so without understanding what the vote was for or the outcome. While a slight majority of workers at RRM facilities were aware of their rights, representation, and the RRM, they tended to be confused about their procedures, the outcome of their votes and elections, and whether recourse to the RRM is a positive feature in their workplace.

AUTO WORKER AWARENESS OF AND VIEWS ON THEIR RIGHTS UNDER THE NEW LABOR LAW REGIME

A slight majority (55%) of all interviewees were aware of the labor law reforms, while 26% had yet to hear of the reforms, and 18% were unsure.

Table 3 breaks down the workers' responses based on whether the workers' facility had experienced an RRM enforcement activity.

TABLE 3. WORKERS' AWARENESS OF THE LABOR LAW REFORMS IN RRM AND NON-RRM FACILITIES

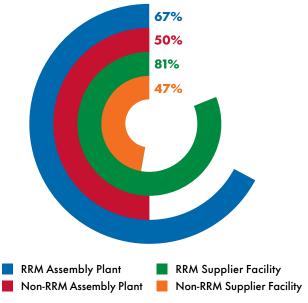


Source: Field Data, 2024

Workers at facilities that utilized RRM enforcement were more aware of the labor law reforms, which served as the basis of that enforcement. A minority of workers at non-RRM facilities knew of the reforms, suggesting that they had not yet been trained on the new labor law. That lack of awareness raises questions about whether those workers know that the labor reform grants them new rights to elect independent union representation and whether they participated in legitimization votes.

We also disaggregated the data to the type of facility within those categories in Table 4.

TABLE 4. WORKERS' AWARENESS OF THE LABOR LAW REFORMS BY FACILITY TYPE



Source: Field Data, 2024

The workers' responses to our question suggest a significant difference in the level of awareness of the labor law reforms between workers at non-RRM and RRM facilities. While workers at non-RRM facilities did not differ significantly, workers at RRM supplier facilities were statistically more aware of the labor law reforms than workers at RRM assembly plants. That result was somewhat unexpected, given that the workers at the assembly plants are all unionized and, presumably, would have been exposed to the labor law reforms through the legitimization process or union elections.

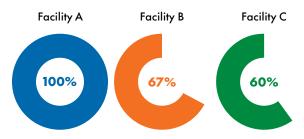
RRM FACILITIES

Workers at the RRM facilities presumably witnessed efforts to enforce the labor law reforms. As expected, a larger majority of workers at RRM facilities (76%) were aware of the labor reforms than non-RRM workers (48%). This suggests that the former may have benefitted from the trainings and communication they received through

agreed-upon remediation measures. Those responses can be disaggregated by facility, as demonstrated in Table 5.

Table 5 suggests that workers' awareness of the labor law reforms differs based on when the RRM enforcement activities occurred. The RRM investigation and remediation plan occurred in 2023 in Facility A and 2022 for Facility B and Facility C. This suggests that the training and information received by workers under remediation programs may have been insufficient to withstand the test of time. Or, put another way, it may indicate that there is not yet consolidated knowledge as a product of operating these new labor institutions.

TABLE 5. WORKERS' AWARENESS OF THE LABOR LAW REFORMS BY RRM FACILITY



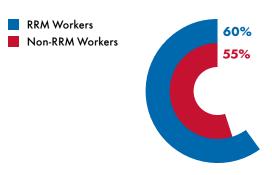
Source: Field Data, 2024

VIEWS ON HOW THE LABOR LAW REFORMS ARE GOING

A separate issue concerns how workers view those reforms, given that they center on empowering their participation in bargaining and democratic choice at the workplace. We asked the workers who were aware of the labor law reforms: How do you think the reform of the Labor Law is going in Mexico (or in your state)? Their responses deviated from well (41%) to not well (17%) and unsure (26%).

The following table breaks down the workers' responses based on whether the workers' facility had experienced an RRM enforcement activity.

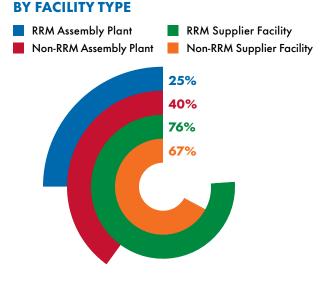
TABLE 6. WORKERS' WHO FELT THE LABOR LAW REFORMS ARE GOING WELL IN RRM AND NON-RRM FACILITIES



Source: Field Data, 2024

The next table shows differences across the type of auto facility.

TABLE 7. WORKERS WHO FELT THE LABOR LAW REFORMS ARE GOING WELL



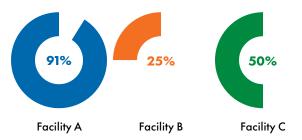
Source: Field Data, 2024

Table 7 highlights significant distinctions between RRM and non-RRM facilities. That fewer worker interviewees at RRM assembly plants felt the labor law reforms were going well raises some concerns that would benefit from additional research regarding workers' differences of opinion in supplier facilities and auto plants. Worker interviewees at the RRM assembly plants were less favorable than those at the non-RRM assembly facilities. Yet, on average, worker interviewees at the non-RRM assembly facilities expressed less optimism about the labor law reforms than those at non-RRM supplier facilities.

The number of worker interviewees who felt the labor law reforms were going well was, on average, higher at the RRM supplier facilities (60%). Nevertheless, 27% of those workers expressed that they did not feel the reforms were going well or were unsure, raising questions about workers' experiences under the RRM and the conditions they have faced following remediation.

Table 8 disaggregates the views by RRM facility.

TABLE 8. WORKERS' WHO FELT THE LABOR LAW REFORMS ARE GOING WELL BY RRM FACILITY



Source: Field Data, 2024

Table 8 demonstrates the deviation of views across RRM facility interviewees. Workers at Facility A, who had recently undergone RRM-enforced elections in 2023, were far more optimistic than workers at Facility B, whose facilities faced RRM investigations and remediation plans in 2022. That deviation raises questions about workers' experiences after the complaint was filed and remediation plans were finalized, as well as whether workers at those facilities consider their working conditions improved following the enforcement of the NLFT.

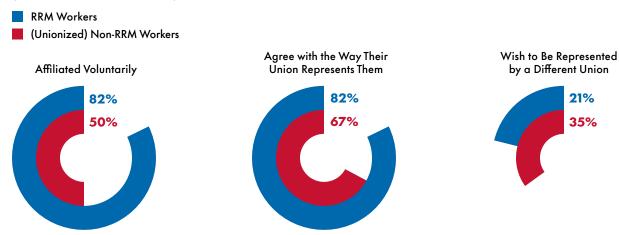
AWARENESS OF AND VIEWS ON UNION REPRESENTATIVES

The labor law reforms seek to educate workers about their union representatives and collective bargaining agreements. To determine whether those reforms empowered workers as hoped, we asked whether they were aware they were represented by a union, whether they had joined the union voluntarily or were automatically registered, and whether they thought their unions represented their best interests.

In total, 58% of all worker respondents responded that they belonged to a union, and 82% of the workers at all unionized facilities answered that a union represented them. Of the workers who responded they belonged to a union, the majority struggled to identify their union's name or refused to answer the question.

Table 9 breaks down the workers' responses based on whether the workers' facility had experienced an RRM enforcement activity. The unionized non-RRM facilities and RRM facilities (which are also fully unionized) are included below.

TABLE 9. WORKERS' VIEWS ON THEIR UNIONS IN RRM AND NON-RRM FACILITIES (POSITIVE RESPONSES)



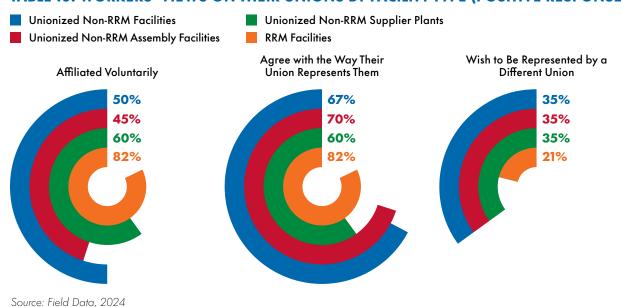
Source: Field Data, 2024

The responses of unionized workers based on RRM status suggest that workers tend to view their union affiliation and representation more positively once they have been closely involved in legitimating their bargaining agreements, electing their unions, and receiving training on their new rights. Nevertheless, while the number of RRM facility workers wishing to be represented by a different union is fewer than those at non-RRM facilities, further research would be helpful

to understand why 21% of workers still wished to be represented by a different union.

To understand how workers' views on their unions compared to those of workers in the RRM facilities, Table 10 disaggregates the non-RRM facility responses and the RRM facility responses, as shown below. The first three categories—Unionized Facilities, Unionized Assembly Facilities, and Unionized Supplier Plants—include only

TABLE 10. WORKERS' VIEWS ON THEIR UNIONS BY FACILITY TYPE (POSITIVE RESPONSES)



unionized facilities that have not undergone an RRM enforcement action. The remaining category—RRM Facilities—aggregates the workers' responses at the three RRM facilities.

As in previous instances described in this report, the workers we interviewed at RRM facilities appeared, on average, to feel more favorable towards their current labor conditions, in this case, their current union representation. Half of the workers we interviewed in unionized facilities reported joining their union voluntarily. While the NFLT's new processes and election procedures undoubtedly take time to change the country's labor relations, recall that our interviews took place in 2024, one year after the NFLT's transition period and legitimization processes concluded. By the time of that conclusion, we expect that workers would have had the opportunity to review their collective bargaining agreements and elect

whether to retain those agreements, which de facto retains the incumbent union. The lack of total support for the new union warrants a more in-depth investigation into why some workers did not agree with the way their new union represents them.

RRM FACILITIES

The three RRM facilities offer additional insights into how, or whether, the labor reforms and RRM have affected workers' relationships with and views on their union representation. Those facilities all rejected their collective bargaining agreements and elected independent unions. We expect workers at these facilities to be more aware of their union membership, have more positive views of their current unions, and not wish to be represented by another union.

TABLE 11. WORKERS' VIEWS OF THEIR UNIONS BY RRM FACILITY (POSITIVE RESPONSES)

	Facility A	Facility B	Facility C
Believe They Are Union Members	91%	67%	100%
Affiliated Voluntarily	100%	75%	70%
Agree with the Way Their Union Represents Them	91%	67%	90%
Wish to Be Represented by a Different Union	0%	33%	30%

Source: Field Data, 2024

WORKER AWARENESS OF THE LEGITIMIZATION PROCESS

The USMCA labor chapter and RRM enforcement mechanism sought to reinforce Mexico's efforts to empower workers by making them aware of their current collective bargaining agreements and giving them ownership through legitimization. As mentioned above, employers were obliged to provide the workers with a copy of their collective bargaining agreements three days before the vote. Based on the IMELB report noting procedural irregularities, it is not clear that workers were always afforded the opportunity to read those agreements, decide whether to keep them (along with the union that negotiated them), or vote in a secret ballot election to legitimize or reject them.

When we surveyed workers, the legitimation process in Mexico formally concluded on July 31, 2023, with the participation of more than 6 million workers.⁷² Those workers legitimized approximately 97-99% of eligible collective bargaining agreements.

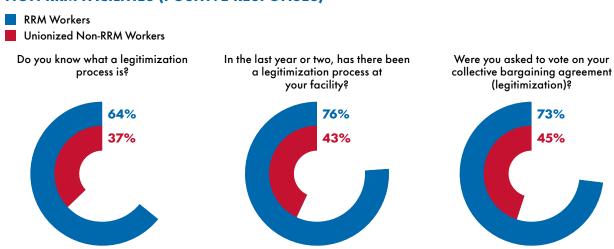
In asking questions about the legitimization process, we were sensitive to the fact that "legitimization" is a technical term that could be unfamiliar to workers, notwithstanding their participation. Therefore, we explained to workers that we referred to their vote to approve or reject their collective bargaining agreement.

Of the 130 workers we interviewed, 38% responded that they understood the legitimization process, and 60% reported that they did not (2% were unsure how to answer). We also asked workers whether there had been a legitimization vote at their facility in the past couple of years. 39% of workers responded affirmatively, 57% said their facility had not held a legitimization vote, and 4% were unsure. When we remove nonunion interviewees, 55% of the workers responded that their facilities held a legitimization vote, and 40% indicated that there had been no vote, with the remaining 5% unsure.

We then asked workers whether they had been asked to vote in a legitimization proceeding, considering bargaining units and managerial functions. Approximately 55% of workers at unionized facilities responded that they had been asked to participate, 35% had not been asked to participate, and 10% were unsure how to answer.

Table 12 breaks down the workers' responses based on whether the workers' facility had experienced an RRM enforcement activity. This table only includes unionized facilities because nonunionized facilities presumably had no collective bargaining agreement to legitimate. Worker interviewees at RRM facilities reportedly understood the legitimization process more frequently than non-RRM facilities.

TABLE 12. WORKERS' UNDERSTANDING OF THE LEGITIMIZATION PROCESS IN RRM AND NON-RRM FACILITIES (POSITIVE RESPONSES)



Once we understood which facilities had undertaken legitimization votes and which workers had been included in the bargaining unit, we looked into the workers' level of understanding of the legitimization process. Those results were revealing.

Source: Field Data, 2024

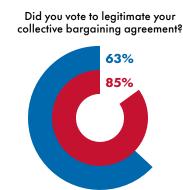
Of the workers who reported that they had been asked to participate in a legitimization vote, 40% responded that they did not understand the process. Although 60% indicated that they understood the legitimization process, later answers indicated that some of those workers thought legitimating their agreements meant rejecting them, suggesting that all 60% of respondents did not actually understand the process correctly.

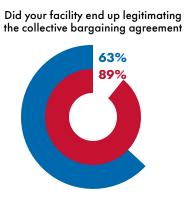
Of the workers asked to participate in a legitimization vote, 75% recalled voting to legitimate/approve their preexisting collective bargaining agreements, 17% recalled voting to reject them, and 8% could not remember how they voted. Concerning the final vote, 76% believed that the majority legitimated the agreement, 16% thought the majority rejected it, and 8% were unsure about the results of the legitimization vote at their facility.

The following table breaks down the workers' responses based on whether the workers' facility had experienced an RRM enforcement activity. Notably, only those non-RRM facilities that are unionized are included below. We asked this subset of participants—those who had participated in a legitimization vote—about the results and whether they understood what their vote meant. The results are set out in Table 13 below

TABLE 13. WORKERS' AWARENESS OF WORKERS WHO PARTICIPATED IN A LEGITIMIZATION PROCESS IN RRM AND NON-RRM FACILITIES (POSITIVE RESPONSES)







Source: Field Data, 2024

The workers' responses concerning the legitimization process and results revealed significant confusion. The majority of workers at RRM facilities told us their facilities approved their collective bargaining agreement, although they rejected it. When asked why the workers voted the way they had, some workers told us they rejected the collective bargaining agreement to have the opportunity to elect a new union or as a means to bargain for better benefits. In contrast, others responded that they approved the collective bargaining agreement to achieve those same objectives. A smaller group of workers expressed that they voted to approve the collective bargaining agreement because they were "brainwashed" or "they told us" to vote a certain way.

Our results on workers' awareness of and participation in the legitimization process raise significant concerns. Despite efforts by the governments of Mexico and the United States to offer workplace trainings to unions and employers, with one project focusing on workers, it appears that all workers have not benefitted equally. While noting the small sample size of our project, we nevertheless argue that these

results suggest that workers' knowledge and understanding of the process belies assumptions of worker empowerment and voice. Those results also may help explain why workers legitimated a significant proportion of their pre-existing collective bargaining agreements despite evidence that those agreements often suppressed wages and enshrined protection unions as the collective bargaining representative.

RRM FACILITIES

All three RRM facilities we visited had undergone legitimization votes that rejected the current collective bargaining agreement. That shared characteristic permits us to compare workers' recollections and understandings against the pragmatic results of the legitimization process. Note that the following tables only provide information from workers who responded that they had participated in the legitimization vote.

TABLE 14. KNOWLEDGE AND PARTICIPATION OF WORKERS INTERVIEWED AT FACILITY A

Knowledge and Participation in Legitimization:	Yes	No
Do you know what the legitimation process is?	100%	0
Was there a legitimization vote at your company in the last year or two?	82%	18%
Were you asked to vote on your collective bargaining agreement (legitimation)?	73%	27%
Was the agreement approved?	25%	75%
Did you vote to approve the agreement?	25%	75%

Source: Field Data, 2024.

TABLE 15. KNOWLEDGE AND PARTICIPATION OF WORKERS INTERVIEWED AT FACILITY B

Knowledge and Participation in Legitimization:	Yes	No	I don't know
Do you know what the legitimation process is?	42%	50%	8%
Was there a legitimization vote at your company in the last year or two?	50%	42%	8%
Were you asked to vote on your collective bargaining agreement (legitimation)?	50%	42%	8%
Was the agreement approved?	83%	0	17%
Did you vote to approve the agreement?	100%	0	0

Source: Field Data, 2024.

TABLE 16. KNOWLEDGE AND PARTICIPATION OF WORKERS INTERVIEWED AT FACILITY C

Knowledge and Participation in Legitimization:	Yes	No	I don't know
Do you know what the legitimation process is?	50%	50%	0
Was there a legitimization vote at your company in the last year or two?	100%	0	0
Were you asked to vote on your collective bargaining agreement (legitimation)?	100%	0	0
Was the agreement approved?	80%	20%	0
Did you vote to approve the agreement?	70%	20%	10%

Source: Field Data, 2024.

The data in Tables 14 through 16 demonstrate that the workers interviewed at RRM facilities had diverse experiences. The workers cast their legitimization votes in Facility A less than one year ago. All of the workers we interviewed (100%) indicated they understood the legitimization process. Although a majority of workers (75%) correctly recalled that the legitimization vote rejected the collective bargaining agreement, a quarter of workers who participated thought the workers had approved the agreement. That figure could reflect the actual votes of the workers—noting that none of the facilities that have undergone legitimization votes through RRM remediation plans were unanimous. However, it could also reflect a misunderstanding among workers about the meaning of their votes.

Facility B and Facility C held their legitimization votes two years ago. Less than half the workers at Facility B and one-half at Facility C told us they understood the legitimization process they had participated in. Most workers at both RRM facilities incorrectly believed they had legitimated the agreement, and no workers at Facility B recalled rejecting it.

Again, these data suggest substantial limitations to the legitimation process. Our interviews took place after the window for legitimizing collective bargaining agreements had closed, presumably capturing workers who had already received appropriate training and had cast their votes. Looking at the aggregate data, however, the majority of respondents did not know what the legitimization process was and had not participated in a legitimization vote.

AUTO WORKER AWARENESS OF THE RAPID RESPONSE MECHANISM (RRM) AND ROLE OF THE U.S. GOVERNMENT IN MONITORING AND ENFORCEMENT

The RRM, according to U.S. and Mexican government entities, offers workers bargaining leverage by allowing them to expose nonconforming employers and demand redress. We tested these assumptions of worker empowerment by asking workers whether they were aware of the mechanism and whether they would use it to report violations of their freedom of association and collective bargaining rights.

AWARENESS OF THE RRM

Recognizing that workers may not be familiar with a mechanism called the "RRM," we asked workers whether they were aware they could file complaints or call a grievance hotline to inform the U.S. government about organizing and collective bargaining rights violations in their factory.

On average, 35% of all workers we interviewed knew they could access a complaints or grievance platform, and the remaining 65% were unaware. Additionally, 49% reported that they would be willing to use such a mechanism.

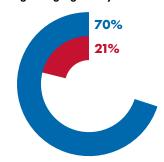
Table 17 breaks down the workers' responses based on whether the workers' facility had experienced an RRM enforcement activity.

TABLE 17. WORKERS' AWARENESS OF THE RRM MECHANISM IN RRM AND NON-RRM FACILITIES (POSITIVE RESPONSES)

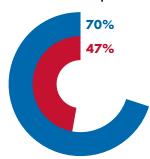


Unionized Non-RRM Workers

Are you aware that unions and workers can file complaints or call a grievance hotline to the U.S. government about organizing and bargaining rights in your factory?



Would you be willing to use this mechanism to make a complaint?

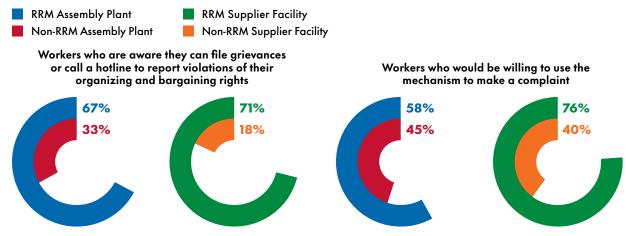


Source: Field Data, 2024

The responses show a significant difference in awareness of and views on the RRM mechanism across RRM and non-RRM facilities. A minority of workers at non-RRM facilities had heard of the mechanism, and less than half would be comfortable using it. While the workers at RRM facilities were more knowledgeable and optimistic, it is striking that 30% of workers were

unaware or uncomfortable. That raises questions about the workers' experiences during the RRM enforcement activities. This lack of knowledge again raises questions about workers' experiences during the RRM implementation procedure, warranting further studies. The responses on the knowledge of the RRM and its recurrence are shown in Table 18.

TABLE 18. WORKERS' AWARENESS OF THE RRM AND ITS RECURRENCE BY FACILITY TYPE



Source: Field Data, 2024.

One would expect that workers in assembly plants, all unionized, would have participated in the legitimization vote to approve or reject their collective bargaining agreements and thus would have been unaware that they could access an enforcement mechanism if deprived of their rights to vote. Yet, few workers at those plants were aware of the mechanism, and a majority of workers across non-RRM facilities reported that they would not use the mechanism. While workers at the RRM facilities were more aware and willing to use the mechanism, those numbers hovered at slightly over a majority—not the robust knowledge and support one might expect from workers who presumably benefitted from trade enforcement centered on their empowerment.

To determine whether workers felt more secure in their workplace after legitimization, we asked whether workers' comfort level in expressing their opinions about unions in the workplace had improved over the past two years. The full responses are in Appendix A. Overall, just over half of workers (55%) stated that their comfort level in expressing opinions about their unions

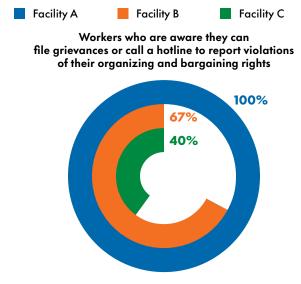
at work had remained the same. In contrast, a minority reported feeling more comfortable, and some less comfortable.

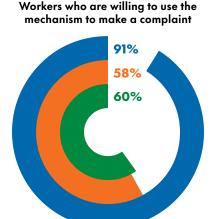
RRM FACILITIES

To understand the number of knowledgeable workers at the RRM facilities and their perspectives on submitting a claim through the RRM, we disaggregated their responses by the RRM facility. On average, 70% of the RRM facility workers were aware of the RRM and indicated they would be willing to use the mechanism. Those views are set out in Table 19.

The results show a sharp deviation between workers at Facility A, who underwent RRM enforcement more recently than workers at Facility B and Facility C. Nevertheless, given the resources provided to Facility B and Facility C to educate workers about the RRM and their rights, it remains surprising that fewer than one-half the workers at Facility C knew about the mechanism, and more surprising, still, that only a slight majority of workers at both Facility B and Facility C would use the mechanism.

TABLE 19. WORKERS' KNOWLEDGE AND PROBABILITY OF USING THE RRM BY RRM FACILITY





VIEWS ON THE ROLE OF THE U.S. GOVERNMENT IN REINFORCING ORGANIZING AND BARGAINING RIGHTS

We sought to understand whether workers were aware of the role of the U.S. government in reinforcing their labor rights under the USMCA and, if so, their views on that role. The U.S. government representatives have visited various auto sector facilities to speak with workers and union representatives, particularly when determining whether to pursue an RRM enforcement action in response to a grievance. The U.S. government has offered numerous public statements linking its interventions to improved workplace conditions, trade union democracy, and bargaining power in the Mexican auto sector.

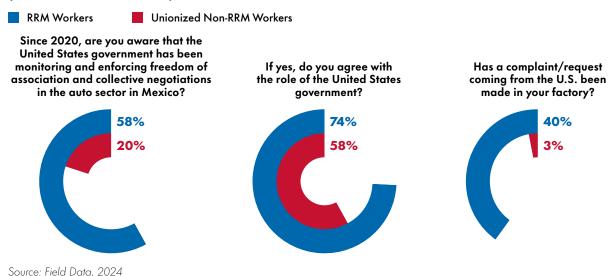
To better understand workers' knowledge, we began by asking all workers if they were aware that Mexico had entered into a trade agreement that commits the government to new labor legislation and procedures. We referred to a trade agreement, and not the USMCA by name, in the event workers were unaware of the name of the agreement or the RRM mechanism.

More workers we interviewed (47%) reported being unaware of the trade agreement than those who reported being aware (38%), and 15% were unsure.

Next, we asked whether the workers were aware that the U.S. government had been supporting their freedom of association and collective bargaining rights in the auto sector in Mexico. This question sought to test workers' awareness of the RRM, which purports to offer those workers a platform to flag when their employers deny their fundamental rights at the workplace.

Like the response above, more workers reported being unaware of the U.S. government's activities (36%) than were aware (29%). The rest were unsure (34%). That data, disaggregated by type of facility, is set out in Table 20, below.

TABLE 20. WORKERS' AWARENESS OF THE ROLE OF THE U.S. GOVERNMENT IN REINFORCING THEIR LABOR RIGHTS IN RRM AND NON-RRM FACILITIES (POSITIVE RESPONSES)



Further, we asked whether the workers were aware of any complaints or petitions filed with the U.S. government at their factory. Overall, 12% of workers responded that they were aware, 31% were unaware, and 57% were unsure.

While one could expect that most workers at non-RRM facilities are unaware of the role of the U.S. government or a complaint at their facilities, it is interesting that a minority of workers interviewed at RRM facilities were aware. The RRM remediation plans all involved worker trainings to inform them of the facility's denial of their rights.

Workers' knowledge of U.S. government-brought complaints and requests at the workers' facilities, disaggregated by type of facility, is presented below in Table 21. These figures show workers' knowledge at unionized and nonunionized facilities. While workers at nonunionized facilities could be unfamiliar with U.S. government interventions concerning legitimization procedures, several RRM cases have dealt with alleged interference during union campaigns, which could affect workers not yet organized.

TABLE 21. WORKERS' KNOWLEDGE OF THE ROLE OF THE U.S. GOVERNMENT IN REINFORCING THEIR LABOR RIGHTS IN RRM AND NON-RRM FACILITIES (POSITIVE RESPONSES)

	RRM Assembly Plant	Non-RRM Assembly Plant	RRM Supplier Facility	Non-RRM Supplier Facility
Since 2020, are you aware that the United States government has been monitoring and enforcing freedom of association and collective negotiations in the auto sector in Mexico?	33%	18%	71%	22%
If yes, do you agree with the role of the United States government?	50%	71%	80%	50%
Has a complaint/request coming from the U.S. been made in your factory?	33%	5%	43%	2%

While 71% of the workers we interviewed in supplier companies under the RRM were aware of the role of the U.S. government, only 22% of worker interviewees in non-RM supplier companies were aware. This latter figure may suggest that the Mexican government's remediation activities and technical assistance from the DOL are not reaching all workers equally. Another important finding was that one-half of the workers at the RRM assembly plant supported the role of the U.S. government, presumably including at least some of the workers who benefited from the government's RRM intervention. Finally, there are mixed views on whether the U.S. government's role is positive, with most of the positive views coming from workers at the RRM supplier companies.

RRM FACILITIES

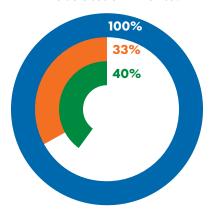
Looking across RRM Facilities, in Table 22 we found that workers' views on the role of the U.S. government in reinforcing their labor rights deviated.

As with the questions above, workers at Facility A were more knowledgeable and felt more positively about the participation of the U.S. government than workers at Facility B and Facility C. Approximately one-third of the workers at Facility B and 40% at Facility C were aware of the U.S. government's intervention, despite visits from the U.S. labor attachés, remediation plans reflecting U.S. government demands, and U.S. official presence during election procedures.

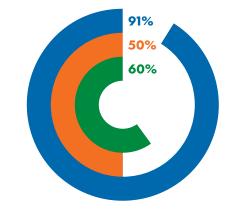
TABLE 22. WORKERS' VIEWS ON THE ROLE OF THE U.S. GOVERNMENT IN REINFORCING THEIR LABOR RIGHTS BY RRM FACILITY (POSITIVE RESPONSES)

Facility A Facility B Facility C

Since 2020, are you aware that the United States government has been monitoring and enforcing freedom of association and collective negotiations in the auto sector in Mexico?



If yes, do you agree with the role of the United States government?



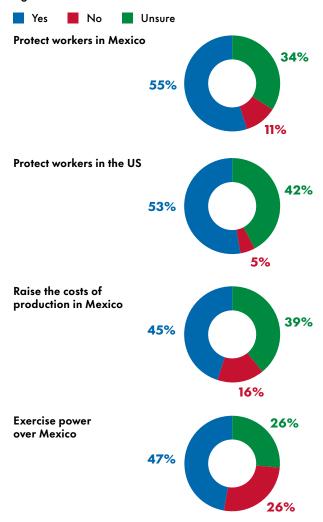
VIEWS ON THE MOTIVES OF THE U.S. GOVERNMENT

We asked the workers who supported the role of the U.S. government questions to understand why they felt the government was intervening to reinforce their rights under the USMCA. Table 23 aggregates the responses of all surveyed workers.

For observers and trade policymakers, this section may offer the greatest insight into whether workers in trade partner countries perceive the U.S. government's instruments and activities under its worker-centered trade policy as helpful in achieving better working conditions or whether, instead, the U.S. government's interventions appear to focus exclusively on protecting U.S. workers from foreign competition. As the data show, opinions are divided; they suggest that workers feel the U.S. government is capable of pursuing national and cosmopolitan objectives, simultaneously.

TABLE 23. WORKERS' VIEWS ON THE MOTIVES OF THE U.S. GOVERNMENT

If you support the U.S. government's role, do you feel like the United States is monitoring and enforcing workers' rights in Mexico to:



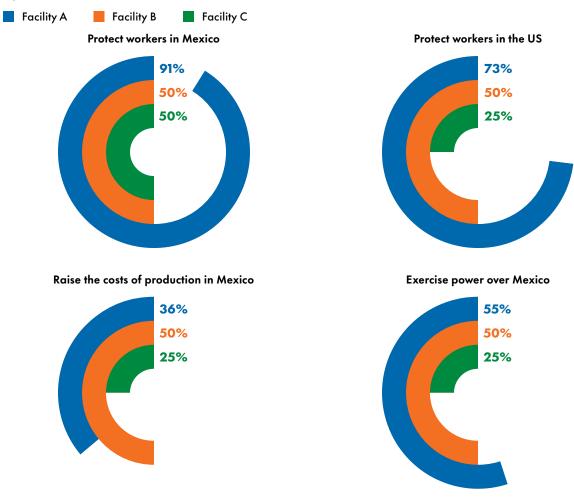
RRM FACILITIES

This section disaggregates workers' views to discern whether those interactions affected workers' perceptions of the motivations of the U.S. government (Table 24).

The responses suggest, again, that Mexican workers suspect that the U.S. government is exercising power over Mexico and protecting U.S. workers while also appreciating the U.S. government for strengthening their collective bargaining power. Our interviews revealed Mexican pride and nationalism, along with workers' appreciation for the geopolitical landscape and possible ulterior motives of a strong trade partner.

TABLE 24. WORKERS' VIEWS ON THE MOTIVES OF THE U.S. GOVERNMENT BY RRM FACILITY (POSITIVE RESPONSES)

If you are aware of the U.S. government's role, do you feel like the United States is monitoring and enforcing workers' rights in Mexico to:



AUTO WORKERS' VIEWS ON THEIR UNION REPRESENTATIVE

This section turns to workers' views concerning their union's performance in bargaining for matters often important to workers, including their salaries, benefits, and job security. Table 25 disaggregates that data by type of facility.

The workers' responses show a varied perception of union efforts and achievements. Generally, worker interviewees' views on their union's activity tended to be more positive than negative. By contrast, views were relatively less favorable in areas closely linked to factory dynamics -- workplace conditions, workplace safety, workplace organization, and bargaining with management.

TABLE 25. WORKERS' VIEWS ON UNION REPRESENTATION AT RRM AND NON-RRM FACILITIES (POSITIVE RESPONSES)

Do you think your union has:	All Unionized Facilities	Non-RRM Assembly Plants	RRM Assembly Plants	Non-RRM Supplier Facilities	RRM Supplier Facilities
Raised your wages	72%	65%	58%	75%	90%
Improved working conditions in your factory	62%	68%	67%	40%	71%
Improved your benefits	74%	73%	67%	65%	90%
Improved your job security	62%	73%	67%	25%	76%
Organized other workers in your factory	57%	58%	50%	50%	67%
Pursued or succeeded in bargaining?	68%	68%	67%	55%	81%
Pursued or succeeded in bringing complaints to management	48%	50%	50%	25%	67%

Source: Field Data, 2024.

Apart from the workers at RRM supplier facilities, only a minority of workers felt confident that their union would succeed in bringing a complaint to management. Those relatively low figures raise concerns about whether workers feel safe to complain about their treatment at the workplace.

RRM FACILITIES

To better understand the differences between workers' views of their union's performance in the RRM facilities, Table 26 disaggregates their views by RRM facility.

These results reinforce other responses across RRM facilities, showing significant deviations

between workers at Facility A and those at Facility B and Facility C. On the positive side, a majority of all workers felt positive about their union's representation of their interests across most categories of working conditions. Yet, with the exception of Facility A, a minority of worker interviewees thought their union had pursued or succeeded in bringing complaints to management. That lack of confidence raises concerns. If workers lack confidence that their unions can mediate their grievances, particularly those workers who are unaware of or distrust the RRM, then employers may have greater relative power to control the employment relationship at the workplace level.

TABLE 26. WORKERS' VIEWS ON THEIR CURRENT UNION REPRESENTATIVE BY RRM FACILITY (POSITIVE RESPONSES)

Do you think your union has:	Facility A	Facility B	Facility C
Raised your wages	100%	59%	80%
Improved working conditions in your factory	73%	67%	70%
Improved your benefits	100%	67%	80%
Improved your job security	82%	67%	70%
Organized other workers in your factory	82%	50%	50%
Pursued or succeeded in bargaining?	100%	67%	60%
Pursued or succeeded in bringing complaints to management	100%	50%	30%

Source: Field Data, 2024.

CONCLUSIONS

Our evaluation of the effects of the labor law reforms and the USMCA's RRM on workers in the MAI produced mixed results. Workers' experiences in the MAI have improved along the margins. The workers we interviewed seem more positive about organizing and the potential gains that organizing may have on their bargaining rights and conditions of employment. Yet, many were unaware of the labor law reforms or the means to raise grievances under the RRM, and they lacked confidence in their current union representatives to represent their interests in raising grievances with management.

While the RRM and the independent union movement remain relatively nascent, it is not too early to ask workers whether they feel more empowered now than in 2019, at the start of the reforms and the USMCA. Consider, in that respect, that the RRM has won the support of U.S. trade policymakers and may be included in other trade agreements under the presumption that it is actively empowering workers under its scope.

The key takeaway from this report is that trade agreements like the USMCA, enforced under a worker-centered trade policy, can play an important part in deterring labor rights violations and empowering workers at the workplace to bargain with management. To do so, however, procedures must be in place to ensure that the intended recipients of empowering mechanisms, the workers, are participants rather than subjects.

The following section presents some central conclusions that emerge from the analysis of the data presented above regarding, namely, workers' views on labor reform, the process of legitimization, knowledge of RRMs, the role of U.S. oversight in terms of labor rights compliance, and the role of the U.S. in the supporting fundamental labor rights.

THE LABOR LAW REFORMS

Workers tend to be unaware of their new rights and procedures under the labor law reforms.

The interview results suggest an important deficit in awareness of the new rights under the labor law reforms. Moreover, the opinions are sharply divided on how these reforms are implemented. Although the DOL has funded tens of millions of dollars in technical assistance projects, the implementors mainly target unions, government officials, and employers. That information does not seem to have made its way to the rank-and-file.

The interview findings suggest that RRM remediation plans stipulating worker-level trainings raise awareness of the labor law reforms among the rank-and-file.

A larger majority of workers at RRM facilities were aware of Mexico's labor reforms compared to workers who did not benefit from the scrutiny and assistance involved in RRM investigations and remediation plans. This suggests that workers at RRM facilities may have benefitted from the trainings and communication they received that workers at non-RRM facilities did not receive through DOL-funded training, alone.

Most workers still do not know what union represents them.

The NLFT seeks to empower workers by giving them a voice in the election of their representatives and greater awareness of their union representative and collective bargaining terms. Despite those ambitions, respondents were often uncertain about whether an independent or the previous protection union represented them; one-half indicated that they did not join their union voluntarily, and one-half wanted to remain with their current union

The interview findings suggest that workers at RRM facilities have a more positive relationship with their union representative than workers at non-RRM facilities.

Workers at RRM facilities we interviewed were largely aware that they were represented by a union and joined voluntarily. Nevertheless, workers reported mixed experiences with their new union representation, and some wished for different union representation despite having held RRM-supported union elections.

THE LEGITIMIZATION PROCESS

The interview findings suggest that the majority of workers did not understand the legitimization process.

Less than one-half of respondents indicated that they understood the legitimization process. In unionized companies, slightly more than half were aware that their company held a unionization vote.

A slight majority of the workers who participated in the legitimization process understood the meaning of the process.

Even among those who participated in the legitimization processes, not all were aware of its meaning and/or dynamics. This situation raises concerns about the credibility of the legitimization process and workers' understanding of their votes. That concern is compounded in light of interview findings that workers who felt they understood the legitimization process sometimes thought that voting to legitimate a contract meant that they rejected the agreement.

Some worker interviewees at RRM facilities felt they understood the process but did not understand the implications of their votes.

Workers who have had direct experiences with the RRM tend, for the most part, to be more aware of their rights and grievances platform. Nevertheless, workers at RRM facilities often reported that they had approved collective bargaining agreements despite having rejected them, raising questions about their understanding of the process.

THE RRM GRIEVANCE PLATFORM

Workers tend to be unaware of the RRM grievance platform as a means of resolving their workplace complaints.

Relatively few of the workers we interviewed were familiar with the RRM mechanism or its potential to resolve workplace grievances concerning their association and bargaining rights. Once they were informed of the RRM mechanism, slightly less than one-half reported they would be willing to use such a mechanism.

The interview findings suggest that workers at RRM facilities are slightly more aware of the mechanism than workers at non-RRM facilities, but it depends on the facility.

On average, twice the worker interviewees at RRM facilities were aware of the RRM mechanism than those at non-RRM facilities. The worker interviewees at the RRM facility that recently underwent enforcement and remediation were more aware of the mechanism and willing to use it than those at RRM facilities that underwent remediation two years ago.

THE ROLE OF THE U.S. GOVERNMENT IN REINFORCING LABOR RIGHTS IN THE MEXICAN AUTO SECTOR

Most workers are unaware of the role of the U.S. government in their labor rights.

The interview findings suggest that most workers have not heard of the USMCA or the U.S. government's involvement through that agreement in their freedom of association and collective bargaining rights. While few of the worker interviewees at non-RRM facilities were aware of the U.S. government's role in reinforcing their labor rights at their facilities, over one-half of the worker interviewees at RRM facilities were aware. Nevertheless, even with that slightly higher awareness, roughly the same percentages of worker interviewees at RRM and non-RRM facilities viewed the role of the U.S. government positively.

The findings suggest that workers feel the U.S. government uses the mechanism to accomplish multiple, non-exclusive objectives.

Many of the worker interviewees felt the U.S. government was trying to protect U.S. workers and Mexican workers. Slightly less than one-half believed that the U.S. government was trying to raise production costs in Mexico and exercise power over Mexico. These views suggest that workers sense that the U.S. government may pursue a worker-centered trade policy to protect them and achieve additional economic and geopolitical goals.

Worker interviewees at RRM facilities have had mixed experiences with their newly elected independent unions.

Workers at different facilities reported very different experiences with their current unions. For instance, the workers at RRM supplier facilities overwhelmingly reported that their union represented their interests in bargaining for higher wages and better benefits. In contrast, fewer workers at RRM assembly facilities reported that their union was bargaining for higher wages and better benefits.

Workers at RRM facilities feel slightly more secure at work, but perhaps not as much as expected.

A majority of workers at RRM facilities reported that they felt their unions improved their job security. Nevertheless, given efforts by the U.S. and Mexican governments to train workers at those facilities on their protected rights, the minority of workers who do not feel their union representatives improve their job security raises some concerns about whether workers are feeling confident enough to organize and engage in protected concerted activity at the workplace.

RECOMMENDATIONS

This study was motivated by the contention that the USMCA and its RRM empower workers in the MAI by elevating their voices at the workplace—ambitions that the authors support and hope to strengthen. To that end, this Section draws from the workers' testimony described above and seeks to fill the gaps between the RRM in theory and practice.

Moving forward,
government officials
and assistance
implementors should
consider strategies to
reach and effectively
help a greater number
of workers through
direct training on the
shop floor.

GENERAL RECOMMENDATIONS FOR POLICYMAKERS AND TECHNICAL ASSISTANCE IMPLEMENTORS

More Training and Worker-Level Technical Assistance

As mentioned in the Background section of this report, Congress allocated significant resources under USMCA to support Mexico's labor reforms. It created five new labor attachés assigned to Mexico to "monitor and enforce the labor obligations of Mexico." It allocated \$210 million to the DOL for USMCA implementation activities: \$180 million for USMCA-related technical assistance projects and \$30 million for monitoring and enforcement.

Of the current DOL-funded projects under USMCA targeting freedom of association and collective bargaining, only one, a new ILO project, specifically targets trainings on the worker level.

Our study's findings suggest that the actions taken by the DOL and Mexican labor authorities do not reach the shop floor. For instance, the workers we interviewed had not received basic information and training on their new rights under Mexico's labor reform, as reinforced under the USMCA. Most MAI workers we interviewed were unsure of their unions, distrusted their unions' ability to protect their interests in some cases, and were frequently unaware of the RRM. Workers' testimony suggests that they are often unaware of their rights and that there were avenues to voice their complaints about the violation of their new rights.

Comparing workers' testimony between those who received worker-level training in RRM facilities and those who did not suggests that workers receiving direct information are relatively more aware of their rights and feel more confident about their workplace representation.

Moving forward, government officials and assistance implementors should consider strategies to reach and effectively help a greater number of workers through direct training on the shop floor. That training could complement current programs that offer training to government, union, and corporate officials. We further recommend that the government of Mexico support public education campaigns with a focus on ensuring accessible information concerning labor rights, protections, and grievance mechanisms. Training programs that can reach workers on the shop floor are fundamental to achieving inclusive, extensive, diverse, comprehensive, and impactful results.

Renewed Legitimization Process

In addition to a lack of training, our worker interviewees expressed considerable confusion around the legitimization process that concluded in 2023. The majority of all workers did not understand the process, and those who reported that they understood the process sometimes revealed that they mistook legitimating a collective bargaining agreement for rejecting it. That confusion explains suspicions cited by the IMELB and others that the vast majority of agreements legitimized reflect factors other than workers' informed decision-making.

The legitimization process faced ambitious timelines set by the Mexican government, albeit under significant pressure under the USMCA's negotiations. The expeditious nature of the process seems to have benefitted workers insofar as governmental audits terminated hundreds of thousands of invalid agreements, rendering it possible for independent unions to challenge and oust protection unions through free and fair secret ballot elections. Nevertheless, significant questions surround 97-99% of legitimated contracts, effectively locking workers into poorly negotiated agreements and protection unions. Mexican government officials should consider renewing the legitimization process. Alternatively, it should ensure that renewed votes on existing collective bargaining agreements under the labor law reform replicate the legitimization process by affording workers notice and time to deliberate over their agreements, this time coupled with trainings on the voting process and implications.

RECOMMENDATIONS FOR THE 2026 USMCA JOINT REVIEW

This section outlines recommendations for the 2026 Joint Review to reconcile the intention of the RRM—which the U.S. government and congressional representatives assert is to empower workers—and the RRM's functioning.

Workers' voices remain suppressed so long as workers do not have sufficient time, resources, and space to understand the new labor law regime and their rights and responsibilities. That suppression weakens labor's ability to bargain with management—to the detriment of the USMCA's overarching objective of leveling the competitive playing field in North American trade sectors.

Create a protocol for U.S. labor attachés.

Although the U.S. labor attachés work in Mexico to investigate possible complaints and claims before the RRM, their procedures are not formalized in a protocol. The absence of a protocol leaves procedures unpredictable and has raised questions in Mexico about the beneficiaries of assistance, and whether assistance is adequately offered to the workers who need it the most. Consequently, we recommend that the U.S. government formalize those procedures, with emphasis on their tasks to build information bridges at the level of specific workplaces.

Modify the RRM complaint review process to ensure all remediation efforts and plans are communicated to rank-and-file workers.

The RRM process should provide for the distribution of detailed information to workers at the worksite explaining the employer's commitments, expectations for worker participation in the upcoming voting process, and the results of any voting or other procedures.

ENDNOTES

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- 33 The annex states that "it is further understood that entry into force of this Agreement may be delayed until such legislation becomes effective." United States-Mexico-Canada Agreement Annex 23-A, 2020, https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/23-Labor.pdf.

- 34 Protocol of Amendment to the Agreement Between the United States of America, the United Mexican States, and Canada, at Annex 31-A.
- 35 Protocol of Amendment to the Agreement Between the United States of America, the United Mexican States, and Canada, at art. 31-A.1(2).
- 36 Protocol of Amendment to the Agreement Between the United States of America, the United Mexican States, and Canada, at art. 31-A.2.
- 37 Protocol of Amendment to the Agreement Between the United States of America, the United Mexican States, and Canada, at art. 31-A.15.
- 38 Under the North American Agreement on Labor Cooperation (NAALC), unions, human rights organizations, and migrant organizations could file complaints. Middlebrook (2024) at 121-125.
- 39 United States-Mexico-Canada Agreement Implementation Act, 19 U.S. Code § 4646 (2020). https://www.law.cornell.edu/uscode/text/19/4646.
- 40 The request for liquidation is one element that contributes to the RRM's sanctioning potential. That request is to "delay final settlement of customs accounts related to entries of goods" from the offending facility. USMCA, annex 31-A.4.3. If the U.S. government has already decided that a facility or facility owner has committed a denial of rights under the agreement, it can suspend preferential tariff treatment for goods manufactured at the facility or impose penalties on goods manufactured at or services provided by the facility. USMCA, annex 31-A.10.1.
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APPENDIX A

TABLE OF RRM CASES IN THE AUTO SECTOR

TABLE 1. RRM CASES IN THE AUTO SECTOR (JUNE 2020 - MAY 2024)

Date (MM/DD/YY)	Auto Facility	Region	Result
5/10/21	Tridonex S. de R.L. de C.V.	Matamoros, State of Tamaulipas	Resolved with a new legitimization vote, union election, workers elected a new independent union and voted for a new collective bargaining agreement.
5/12/21	General Motors de México S. de R.L. de C.V.	Silao, State of Guanajuato	Resolved with a new legitimization vote, workers elected a new independent union and voted for a new collective bargaining agreement.
5/18/22	Panasonic Automotive Systems de Mexico S.A. de C.V.	Reynosa, State of Tamaulipas,	Resolved with the termination of the undemocratic collective bargaining agreement, workers elected a new independent union and voted for a new collective bargaining agreement.
5/5/22	Teksid Hierro de México, S.A. de C.V.	Frontera, State of Coahuila	Resolved with independent union collective bargaining validated, union dues transferred to the union, and workers reinstated.
6/21/22	Manufacturas VU (Case 1)	Piedras Negras, State of Coahuila	Resolved with union election, workers elected a new independent union.
1/30/23	Manufacturas VU (Case 2)	Piedras Negras, State of Coahuila	Facility closes operations and fires workers.
9/27/22	Saint Gobain México, S.A. de C.V.	Cuautla, Mexico	Resolved with union election, workers elected a new independent union.
2/2/23	Unique Fabricating de México, S.A. de C.V.	Santiago de Querétaro, State of Querétaro	Resolved with union election, workers elected a new independent union, and voted for a new collective bargaining agreement. The company has since announced it is closing.

Continued on next page

TABLE 1. RRM CASES IN THE AUTO SECTOR (CONTINUED)

Date (MM/DD/YY)	Auto Facility	Region	Result
4/20/23	Goodyear-SLP, S. de R.L. de C.V.	San Luis Potosi	Resolved with a new legitimization vote and union election, workers elected a new independent union, and the company agreed to apply the sector-wide collective bargaining agreement for the rubber manufacturing industry.
5/31/23	Draxton	Irapuato, Guanajuato	Resolved with union election, workers elected a new independent union.
8/7/23	Grupo Yazaki	Guanajuato	Resolved with trainings for a new legitimization vote.
5/23/23	Teklas Automotive	Aguascalientes	Resolved with trainings for a union election.
10/23/23	Asiaway Automotive Components	San Luis Potosi	Resolved with trainings for a union election.
10/26/23	Tecnología Modificada S.A. de C.V., a subsidiary of Caterpillar Inc.	Nuevo Laredo	Resolved with training and reinstatement for striking workers.
11/20/23	Autoliv Steering Wheels Mexico	El Marqués in the state of Quéretaro	Resolved with worker trainings for a union election.
12/14/23	Fujikura Automotive Mexico	Piedras Negras in the state of Coahuila	Resolved with removing of worker blacklists.
5/28/24	Volkswagen	Cuautlancingo, Puebla	Resolved with required reinstatement of and backpay and benefits to eight workers.

Source: Office of the U.S. Trade Representative

APPENDIX B

DEPARTMENT OF LABOR TECHNICAL ASSISTANCE PROJECTS UNDER THE USMCA

TABLE 2. U.S. DEPARTMENT OF LABOR-FUNDED TECHNICAL ASSISTANCE PROJECTS FOCUSED ON FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING UNDER THE USMCA

Engaging Mexico's Auto Sector Employers in Labor Law Reform Implementation (Auto Employers)*

November 2020 - October 2026 \$7,000,000 USD

Improve automotive employers compliance with the country's labor law reforms while improving working conditions in the automotive supply sector.

Prime: Pan American Development Foundation

States: Coahuila, Chihuahua, Durango, Estado de Mexico, Guanajuato, Nuevo Leon, Puebla,

Queretaro, San Luis Potosi, and Tlaxcala



Compliance in Auto Parts through Labor Law Enforcement (CALLE)*

January 2019 - March 2024 \$6,250,000 USD

Implement multi-pronged, data-driven activities that target challenges related to working conditions and workers' in the auto parts sector

Prime: American Institutes for research

States: Estado de Mexico, San Luis Potosi,

and Puebla



Continued on next page

Building an Independent and Democratic Labor Movement to Protect Worker Rights in Mexico*

July 2022 - July 2026 \$20,000,000 USD

Construct an independent, democratic labor movement composed of nationa industrial unions with sectoral bargaining agreements that substantially raise wages and conditions for broad sectors of the Mexican working class.

Prime: The Solidarity Center

States: Coahuila, Puebla, Queretaro, and San

Luis Potosi



Strengthening Workers' Ability to Exercise their Labor Rights in Mexico (Workers' Right Centers)*

December 2020 - June 2026 \$10,000,000 USD

Improve protection of workers' labor rights in accordance with the recent labor reforms through improved knowledge, stronger ability to exercise their labor rights and stronger monitoring and the analysis of labor reform impact to exercising their labor rights.

Prime: The Solidarity Center

States: Estado de Mexico, Coahuila,

Guanajuato, Mexico City, and Queretaro



The Observation and Engagement for Rights Verification and Realization Initiative (OBSERVAR)*

August 2023 - August 2026 \$5,000,000 USD

Support workplace democratic processes though the impartial observation of workplace votes and increase awareness among workers and employers of their rights and responsibilities regarding freedom of association and collecctive bargaining.

Prime: The International Labor Organization

States: Nationwide

Continued on next page

Strengthening Mexican Inspectorate for Labor Enforcement (CAMINOS)*

August 2022 - February 2027 \$15,000,000 USD

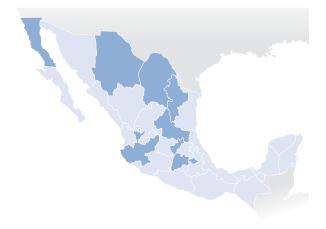
Empower federal and state labor inspectors in Mexico to improve enforcement of Mexico's landmark 2019 labor law reform in five of its states.

Prime: American Institutes for Research

States: Baja California, Chihuahua, Coahuila,

Estado de Mexico, Jalisco, Nuevo Leon,

Queretaro, and San Luis Potosi



Source: U.S. Department of Labor

APPENDIX C

WORKER DEMOGRAPHIC

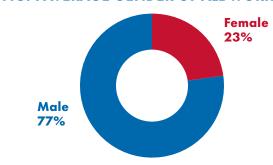
Although the majority of workers were male, we encountered a higher concentration of women workers in Ciudad Juárez and along the northern border (50% men and 50% women). 48% of all workers were married

The average age range was in the 30s. Around one-third of interviewees were younger than 30, and 19% were over 40.

The average level of education attained was high school, although 19% had attended university while nine % had only attended primary school. In one automotive maquiladora in Matamoros, 70% of the workers interviewed had only attended upper secondary education (primary and secondary).

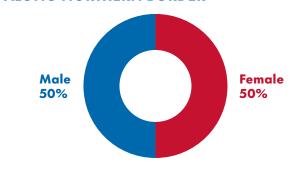
The average tenure in the auto companies was six years, although the average work in the auto industry was ten years. The discrepancy in those figures reflects that workers in the auto industry, particularly in auto facilities along the northern border, frequently rotate between facilities.

FIG. 1 AVERAGE GENDER OF ALL WORKERS



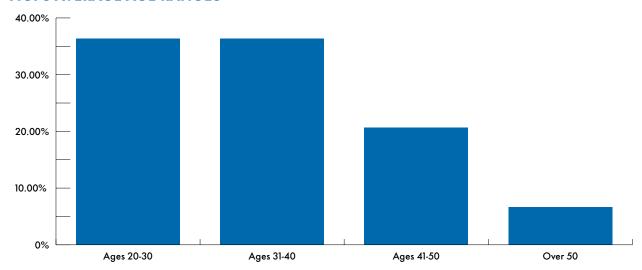
Source: Field Data, 2024

FIG. 2 AVERAGE GENDER OF WORKERS ALONG NORTHERN BORDER



Source: Field Data, 2024

FIG. 3 AVERAGE AGE RANGES



APPENDIX D

WORKERS' VIEWS ON EMPLOYERS

TABLE 3. WORKERS' VIEWS ON EMPLOYER REACTIONS TO BARGAINING

Has your employer (e.g., supervisor, managers) expressed any feelings about:	Supports	Opposes	Neutral	No opinion	Don't know	N/A
Your participation in a-your union?	15%	7%	24%	26%	20%	8%
Your participation in a legitimization vote?	19%	8%	26%	25%	15%	5%

	Private Meetings	Literature	Adverts.	Texts	Warnings	Threats	Dismissal
If yes, how did they express their opinions?	16%	2%	10%	1%	1%	0%	1%

	No Effect	Made me support the new or a new union	Make me support the old union/CCT	Made me desist from participating	N/A
What effect did this have on you?	32%	8%	2%	2%	58%

	Yes	No	Not sure	N/A
Do you feel comfortable expressing opinions about your union at work?	71%	17%	8%	5%

	More comfortable	Less comfortable	Neutral No Change	N/A
Has your level of comfort with expressing your views changed since the beginning of the legitimation process?	39%	5%	52%	4%

APPENDIX E

WORKER OPTIMISM

TABLE 4. ALL FACILITY VIEWS ON PROSPECTIVE UNION WINS

Do you think that organizing and collective bargaining by your union can help you:	Yes	No	Unsure	N/A
Earn higher wages	66%	11%	17%	6%
Improve working conditions	77%	8%	11%	5%
Improve benefits	73%	8%	15%	5%
Gain better treatment for all workers from management	75%	5%	15%	5%
Improve workplace safety	72%	7%	16%	5%
Get complaints resolved	73%	9%	14%	4%

Source: Field Data, 2024

TABLE 5. WORKERS' VIEWS ON HOW THEY WOULD LIKE THE U.S. GOVERNMENT'S ROLE TO CHANGE

In your opinion, how would you like the U.S. government's role to change:	More attention/ pressure	Less attention/ pressure	The same amount of attention/ pressure	Don't Know
In your factory?	50%	6%	20%	24%
With your federal or state government?	38%	12%	25%	25%
With your factory's buyers in the U.S.?	32%	9%	25%	34%





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