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US-Mexico trade deal raises worker hopes on both sides of border

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A new United States-Mexico deal could end up doing something novel for an international trade agreement: putting concerns of workers near the center of the accord.

President Trump touted this promise in announcing the tentative agreement. And Mexico's labor-oriented president-elect is backing the deal alongside the nation's current president.

"It's an incredible deal for both parties," Mr. Trump said Monday in a joint announcement from the Oval Office, with Mexican President Enrique Peña Nieto linked in by phone. "Most importantly, it's an incredible deal for the workers and for the citizens of both countries."

There's not yet a formal text to judge how much that boast will be borne out in practice, labor advocates in both nations are quick to note. But the deal does represent at least some departure from an era when trade deals left worker concerns largely on the periphery – contributing to a backlash against globalization that politicians including Trump have tapped into.

Junking parts of Republican orthodoxy, the trade agreement includes several ideas that organized labor and liberals in Congress have been pushing for decades. Most dramatically, the pact helps US factory workers by linking low wage levels with trade limitations. In addition, it includes sweeping reforms of Mexican labor law that, if carried out and enforced, could improve the pay and working conditions for Mexican workers.

The deal, which still awaits negotiations with Canada, the third member of the North American Free Trade Agreement (NAFTA), has attracted guarded initial support from industry, key liberals in the US, and labor-rights groups in Mexico.

"The very fact that there's a labor chapter in the text instead of a side agreement is an encouraging sign," says Gladys Cisneros, program director in Mexico for the Solidarity Center, an international nonprofit promoting worker rights.

Guarded optimism

"We are optimistic that the new agreement will maintain and encourage the ongoing competitiveness of the United States and North American auto industries," the American

Automotive Policy Council (AAPC), a trade group representing the Big Three automakers, said in a statement.

“This is an important step forward,” said US Sen. Sherrod Brown (D) of Ohio, a key critic of the current NAFTA agreement, in a statement.

But absent the text, which has not yet been released, they and others say it’s hard to pass judgment.

“We remain committed to working with the administration to get NAFTA right,” wrote United Autoworkers president Gary Jones and four other union leaders in a statement. “But, as always, the devil is in the details.”

Employees work at an Audi Q5 2.0 production line of the German car manufacturer’s plant in San Jose Chilapa, Mexico, in April. The US and Mexico announced a trade deal including provisions designed to boost the US-made content of cars assembled in Mexico. To cross the border duty-free, cars would need to have 75 percent US or Mexican content, and 40 to 45 percent of the car would have to be made by workers earning at least \$16 an hour – far higher than typical Mexican wages.

For example: The provision that 40 to 45 percent of a car has to be made by workers earning at least \$16 an hour to avoid US tariffs. On the face of things, that should mean workers in the US (and Canada, if it signs on to the deal) would be guaranteed a certain share of the work. (Mexican autoworkers on the factory floor make perhaps \$6 an hour, Ms. Cisneros says.)

What’s not clear is whether those workers have to be North American. Perhaps German workers earning more than \$16 an hour would also fulfill the requirement. And even if they don’t, will foreign cars coming to the US via Mexico be subject to the current and minor 2.5 percent tariff or a more punishing surcharge that the Trump administration is considering on car imports?

Another unknown: the Mexican labor reforms. Between 70 and 90 percent of collective bargaining agreements registered in Mexico fall under the category of “employer protection unions,” Cisneros says. Typically, a “union” is set up and a contract negotiated before workers are ever hired, so they have no say in wages, hours of work, or other conditions. Critics say these unions are meant to ensure workers rights and labor standards are ignored.

The new trade agreement calls for those unions to be eliminated within four or five years. Instead, workers would be guaranteed the right to vote in secret for a union (so they can’t be retaliated against), forming bargaining units that would push for better pay and working conditions.

The new deal also addresses the plight of migrant workers who come from Mexico to the US on temporary work visas. An H-2 visa, for example, binds them to working for the company that sponsored them, making it hard to speak up if they are suffering labor abuse or their wages are withheld. Even if they do complain about abuses, the current NAFTA resolution process is flawed, says Elizabeth Mauldin, policy director for the Centro de los Derechos del Migrante Inc., which has offices in Mexico City and Baltimore. “There is no clear timeline or transparency. A worker’s complaint could languish for years on end without response.”

Of course, trade agreements can only force change on the margins because nations are reluctant to cede too much sovereignty over their own labor laws, says Gary Hufbauer, a trade expert at

the Peterson Institute for International Economics in Washington. “The real issue is not the promises, it's the enforcement of the promises. Who can bring a complaint? ... How are these cases decided? ... What's the penalty?”

A moment for change

Still, some activists are heartened that, although the agreement could be signed by Mr. Peña Nieto, it would be administered by his more liberal successor, Andrés Manuel López Obrador.

“Right now is a historic moment,” says Marlene Solís, a labor expert at El Colegio de la Frontera Norte just outside of Tijuana. “We’re going to have a new government that ran on a [platform] of commitment to a new social vision and commitment to the people.” In addition, Mexican workers have slowly been making inroads during the past three decades in terms of standing up for their rights and forming their own unions, despite the many risks that come with that.

The new deal’s changes in some NAFTA provisions – such as the widely disliked protections for foreign investors – are likely to get broad support in Congress. But other changes – such as a reinstatement of buy-American clauses and whether and when the new agreement might sunset – could pit conservatives and liberals against each other.

“The Trump administration is trying to bridge the gap and give both sides something,” to win bipartisan support, says Simon Lester, a trade policy analyst of the Cato Institute, a libertarian think tank in Washington. The thinking goes: “We’ll keep these [investor] protections for the oil companies who really want it, and we’ll take them mostly out for [Democratic Sen.] Elizabeth Warren and maybe she’ll support NAFTA. It’s difficult because every time you do something to please one you’ve annoyed the other.”

He says “I don’t envy” the administration and the task before it.