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**Public Communication  
to the U.S. National Administrative Office  
under the  
North American Agreement on Labor Cooperation  
on Labor Law Matters Arising in Mexico**

**submitted by  
United Students Against Sweatshops  
and  
Centro de Apoyo al Trabajador  
September 28, 2003**

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## **I. Introduction**

Under the North American Agreement for Labor Cooperation (NAALC), the government of Mexico agreed to promote eleven basic labor principles as outlined in Annex 1 of the agreement. The petitioners allege that in the case of Matamoros Garment S.A. de C.V. workers in Izúcar de Matamoros, Puebla, Mexico, the Mexican government failed to meet its obligations, protecting the rights of workers, with four of these key principles as outlined below. This presentation shows that the case of Matamoros Garment workers, however, is far from an anomaly. Repeated core labor rights violations in Mexico are effects of a systematic problem on the part of Mexican labor authorities to maintain a competent and independent labor law enforcement system.

The denial of the formation of an independent union, Sindicato Independiente del Trabajadores de la Empresa de Matamoros Garment S.A. de C.V. (SITEMAG), and the failure to protect SITEMAG union committee members from intimidation by an affiliate of Mexico's official union, the Confederación de Trabajadores de Mexico (CTM) and from discrimination by the company is a clear denial of NAALC Principles 1 and 2. These state,

“Principle 1. Freedom of association and protection of the right to organize: The right of workers exercised freely and without impediment to establish and join organizations of their own choosing to further and defend their interests; Principle 2. The right to collectively bargain: The protection of the right of organized workers to freely engage in collective bargaining on matters concerning the terms and conditions of employment.”

The failure to appropriately enforce minimum wage and overtime laws at Matamoros Garment flouts Principle 6, which states, “Principle 6. The obligation to enforce minimum employment standards: The establishment of minimum employment standards, such as minimum wages and overtime pay, for wage earners, including those not covered by collective agreements.” And the unsanitary conditions of the factory's cafeteria fail to promote prevention of occupational illness as required by Principle 9, “The obligation to prevent occupational injuries and illnesses: Prescribing and implementing standards to minimize the causes of occupational injuries and illnesses.”<sup>1</sup>

Furthermore, the Mexican government is obligated to provide accessible, fair, and transparent labor tribunal proceedings under Articles 4 and 5 of the NAALC. Article 4 states, “...persons with a legally recognized interest under its law in a particular matter have appropriate access to administrative, quasi-judicial, judicial or labor tribunals for the enforcement of the Party's labor law.”

Article 5 states,

“Each Party shall ensure that its administrative, quasi-judicial, judicial and labor tribunal proceedings for the enforcement of its labor law are fair, equitable and

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<sup>1</sup> See Annex 1, North American Agreement On Labor Cooperation, <http://www.dol.gov/ILAB/regs/naalc/naalc.htm>.

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transparent and, to this end, each Party shall provide that: 4. Such proceedings are not unnecessarily complicated and do not entail unreasonable charges or time limits or unwarranted delays. 2. Each Party shall provide that final decisions on the merits of the case in such proceedings are: 1. In writing and preferably state the reasons on which the decisions are based; 2. Made available without undue delay to the parties to the proceedings and, consistent with its law, to the public; and 3. Based on information or evidence in respect of which the parties were offered the opportunity to be heard. 3. Each Party shall provide, as appropriate, that parties to such proceedings have the right, in accordance with its law, to seek review and, where warranted, correction of final decisions issued in such proceedings. 4. Each Party shall ensure that tribunals that conduct or review such proceedings are impartial and independent and do not have any substantial interest in the outcome of the matter.”

The petitioners allege that the Mexican government has failed to meet this obligation through the actions of the Junta Local de Conciliación y Arbitraje de Puebla (hereafter “Junta de Puebla”), which failed to provide a fair process for the registration of the SITEMAG union by denying their registration on the account of minor technical deficiencies, did not attempt to aid in the correction of these deficiencies, and fell short of mailing the legally required written notification of the denial with undue delay, which effectually eliminated a reasonable time period available for SITEMAG to file an appeal. The NAALC upholds that the Junta should be impartial; therefore, the Junta’s involvement in the events that led to the denial of the independent union at Matamoros Garment constitute a flagrant violation of Article 5. The US NAO previously addressed this matter in the case of Public Submission No. 94003 (SONY), finding that the Junta should have assisted the applicants in correcting the technical deficiencies in the registration request, rather than denying the application on these grounds.

Finally, under Article 3 of the NAALC, the Mexican government is obligated “to enforce its labor law with effective government action.” The Junta de Puebla failed to address minimum wage issues while it was present when Matamoros Garment company officials issued back pay, the day after the work stoppage by Matamoros Garment employees, which shows a clear failure of the Junta de Puebla to show a good faith effort to enforce labor law.<sup>2</sup>

The petitioners allege that the Mexican government has repeatedly failed to uphold its obligations of both national and international labor law, as discussed in section III of this document. In this presentation, we show failure to enforce the right to freedom of association, the right to organize and collectively bargain, the right to minimum employment standards, and the right to occupational health and safety. In addition, the Mexican government has failed to ensure that its labor tribunals, the Junta Local de Conciliación y Arbitraje, are impartial and independent.

This public submission meets all requirements outlined in the 1994 Procedural Guidelines. The United States NAO has the ability to receive public submissions on

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<sup>2</sup> For wage violations, see Appendix O.

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matters of labor law arising in either Canada or Mexico, as outlined in Article 16 of the NAALC. In particular, this case will meet the requirement of showing systemic problems within Mexico's labor rights enforcement system to protect core labor rights and to enforce applicable labor law. While this submission documents the recent situation of Matamoros Garment S.A. de C.V. employees in detail, we will also show a pattern of non-enforcement by making reference to the government's failure to uphold the same principle labor rights in the recent case of Kukdong International Mexico S.A. de C.V. The petitioners, along with the Centro de Apoyo al Trabajador, a labor rights advocacy group in Mexico, include this case because of our direct advocacy and participation in specific events over the course of the struggle of Kukdong International workers to assert their core labor rights, from November 2000 to present. Together, by evaluating the failures outlined in previous NAALC submissions, and the subsequent findings of the US NAO, the cases of Matamoros Garment and Kukdong International establish a still consistent pattern of violations of NAALC principles on the part of Mexican labor authorities and specifically the Junta de Puebla.

### **II. Matamoros Garment S.A. de C.V., Izúcar de Matamoros, Puebla, México**

The case of workers at Matamoros Garment S.A. de C.V. presents a common example of the systemic problems with labor rights enforcement in Mexico. Among the occurrence of many aforementioned core labor rights violations, this case emulates the epidemic of "protection contracts" within the maquiladora free trade zones in Mexico, and the drastic consequences these contracts have on suppressing the rights of workers.<sup>3</sup> In addition, the actions taken by the Junta de Puebla in the case of the independent union movement at Matamoros Garment shows the chronic failure of the Mexican government to ensure that the proceedings of its labor tribunals are impartial, independent, and that they do not show any substantial interest in the outcome of their proceedings.

Matamoros Garment opened for business in 1999 in Izúcar de Matamoros, Puebla, México. Violations of workers' freedom of association began in November 2000, when Matamoros Garment workers staged a work stoppage, demanding at least two weeks of back wages.<sup>4</sup> Riot police were called in and assaulted workers. Following this intervention in the work stoppage, the employees returned to work and the company made no significant changes in its irresponsible behavior. After the workers' protests, the union Sindicato Francisco Villa de la Industria Textil, Similares y Conexos, an affiliate of the Confederación de Trabajadores de Mexico (CTM), signed a protection contract agreement with the company, without the prior consent or knowledge of the workers. The protection contract is a widely known, systemic problem in Mexico. Labor representatives, in collusion with company officials, use their legal recognition to suppress the rights of workers to ensure conditions for investment remain profitable. The vast majority of collective contracts in maquilas are protection contracts.<sup>5</sup>

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<sup>3</sup> [REDACTED], *Allies Across the Border*, South End Press (2000).

<sup>4</sup> La Jornada de Oriente, "Obreras de Matamoros Garment Exigieron Nuevamente el Pago de Salarios Atrasados," November 8, 2000, <http://www.jornada.unam.mx/2000/nov00/001108/oriente-a.htm>.

<sup>5</sup> [REDACTED], "Unions, Collaboration and Labour Conditions in Mexican Maquiladoras," El Colegio de la Frontera Norte, <http://www.isanet.org/archive/ramirez.html>.

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On July 29, 2002, when Matamoros Garment workers began producing for PUMA, an athletic apparel company, PUMA audited the factory to ensure that strict social and environmental policies were being practiced. After the audit, PUMA declared that the audit found the working conditions and employee relations at Matamoros Garment to be “satisfactory.”<sup>6</sup> In the months following, sanitary conditions in the Matamoros Garment factory continued to worsen. An adjacent agricultural area that experienced regular flooding caused water to seep into the Matamoros Garment cafeteria, which created a large, deep, moldy puddle on the dirt floor.<sup>7</sup> For several weeks at a time, the cafeteria was inaccessible to the workers. When the Matamoros Garment company attempted to clean up the mess, untrained auxiliary staff were called upon to solve the problem.

On Friday, October 25, workers’ wages were not placed in the bank accounts of those who had chosen direct bank deposits over cash payments. Workers complained to factory [REDACTED], who told the employees that the company had sent the deposits late, and that they wouldn’t be available until Tuesday, October 29. On Tuesday, only 50% of the workers’ wage payments were paid. The missing portion did not appear until the company paid them on January 14<sup>th</sup>, months later. The Junta de Puebla witnessed the back payments at a meeting with the CTM-affiliate union.<sup>8</sup> They observed some Matamoros Garment workers being paid under the minimum wage for professional garment sewers in Mexico.<sup>9</sup>

On November 20, the employees were called into work even though it was a national holiday. Although the workers were told they would only work a half-day, Matamoros Garment [REDACTED] coerced the employees to stay until the evening. This practice continued throughout the month of December. On several occasions, [REDACTED] forced workers to stay past the usual 5 pm clock-out time until 7 pm, forcing many to take an unsafe trip home late at night.<sup>10</sup>

During the first week of December, none of the employees at Matamoros Garment were paid for the week.<sup>11</sup> For the week of December 16 – 20, approximately 30% of the workers had to work regular overtime to meet PUMA’s production demands. The employees who worked overtime were paid for all of their work, but those who did not were only given half the week’s pay. On December 20, Matamoros Garment gave workers their legally entitled Christmas bonus, but tried to convince them that their back pay from the first week of December was also included, which was not true.<sup>12</sup>

<sup>6</sup> See letter from [REDACTED], PUMA, Appendix G.

<sup>7</sup> See [REDACTED] testimony of [REDACTED], Appendix D.

<sup>8</sup> See proof of wage payments, Appendix O.

<sup>9</sup> According to interviews of [REDACTED], Izúcar de Matamoros, Mexico, [REDACTED] Appendix P.

<sup>10</sup> According to interviews of [REDACTED] Izúcar de Matamoros, Mexico, [REDACTED], Appendix P.

<sup>11</sup> See [REDACTED] testimony [REDACTED] Appendix A.

<sup>12</sup> According to interviews of [REDACTED], Izúcar de Matamoros, Mexico, [REDACTED] Appendix P.

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On January 13, 2003, in protest of poor treatment and in demand for an independent union which protected their well being as well as the financial prosperity of the company, 190 workers at Matamoros Garment struck for 11 hours.<sup>13</sup> They had gone over three weeks without a wage, some with wages lower than the legal minimum.<sup>14</sup> They had been coerced into overtime, locked in the factory,<sup>15</sup> verbally abused by management,<sup>16</sup> forced to eat in an unsanitary cafeteria, and at times were denied their company transportation to and from work.<sup>17</sup> Finally, the existing protection contract signed between the company and the CTM-affiliate Sindicato Francisco Villa denied the Matamoros Garment employees their freedom of association. 162 out of the approximately 250 workers employed at the plant signed documents to form the independent union, Sindicato Independiente de Trabajadores de la Empresa Matamoros Garment, S.A. de C.V. (SITEMAG), and elected their own union committee.<sup>18</sup>

On January 16, the Clean Clothes Campaign (CCC), a European labor rights advocacy organization, contacted PUMA regarding the dispute. PUMA informed the CCC of their knowledge of the dispute. The SITEMAG union leaders sent PUMA a letter informing the company of their effort to create a representative union and asked for their support in rectifying the inadequate conditions at the plant. At the factory, management told the workers to cease organizing the independent union and threatened them with the loss of PUMA's business.<sup>19</sup> PUMA removed all its labels from the factory the next day.

On January 20, SITEMAG filed a petition for the independent union with the Junta de Puebla.<sup>20</sup> Management informed them again that the loss of the contract with PUMA was a result of their efforts to form their own union. The company demanded the workers retract their complaints, and the workers refused.<sup>21</sup> On January 24, PUMA released a statement claiming that the decision to terminate their production contract was the result of inadequate production at the factory, rather than the independent union movement at the factory.<sup>22</sup>

From February 2 – 4, three PUMA representatives investigated conditions at Matamoros Garment.<sup>23</sup> On February 12, from 3 – 5 pm, the CTM-affiliate, Sindicato Francisco Villa, sent representatives to the factory that delivered a two-hour speech to captive Matamoros

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<sup>13</sup> See [REDACTED] testimony [REDACTED], Appendix B.

<sup>14</sup> For proof of wage payments, see Appendix O.

<sup>15</sup> See [REDACTED] testimony [REDACTED], Appendix D.

<sup>16</sup> See [REDACTED] testimony [REDACTED],  
Appendices A-C.

<sup>17</sup> See [REDACTED] testimony [REDACTED], Appendix D.

<sup>18</sup> See Acta Constitutiva del SITEMAG, Appendix J.

<sup>19</sup> According to interviews [REDACTED], Izúcar de Matamoros, Mexico, [REDACTED], Appendix P.

<sup>20</sup> See letter from SITEMAG to Puebla Junta Local de Conciliación y Arbitraje requesting a registro for their independent union, Appendix K.

<sup>21</sup> According to interviews [REDACTED], Izúcar de Matamoros, Mexico, [REDACTED], Appendix P.

<sup>22</sup> See PUMA's Corporate Statement, Appendix F.

<sup>23</sup> See documents which refer to PUMA's investigation, Appendices G and H.



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Garment workers at their workstations.<sup>24</sup> The union representatives told them the same thing the company had: if they continued with their independent union, PUMA would leave the factory for good.<sup>25</sup>

That same day, PUMA released a public letter stating that their investigation disproved the workers' complaints of unsafe factory conditions. PUMA restated that its decision to cease orders was due to the factory's current inability to fill orders on time and indicated that it would "consider re-establishing normal business relationships with the Matamoros Garment factory once matters underscoring the current difficulties [were] resolved to everyone's satisfaction."<sup>26</sup> On February 25, upon request from the CAT and CCC, PUMA agreed to place new orders and discuss independent monitoring of its reintegration into the factory.

For the next three weeks, 12 men conducted surveillance and took photos of SITEMAG union leaders and followed them to their homes and union meetings. The workers and the CAT filed a complaint with the government of Izúcar de Matamoros, the Puebla state government, and the Office of Public Security.<sup>27</sup> In an interview, [REDACTED] [REDACTED] said they believed that the CTM-affiliate Sindicato Francisco Villa was responsible for following and harassing them and others on the union committee.<sup>28</sup> [REDACTED] company management sent [REDACTED] home [REDACTED] due to a lack of production.

[REDACTED] Forced breaks became common as Matamoros Garment phased out production before it came to a complete halt on March 24.

On March 17, the company told the workers to come in on Thursday for their last paychecks. SITEMAG met with [REDACTED] of the municipal office of Izúcar de Matamoros and asked for his assistance. He contacted the Junta de Puebla who informed him the situation was a "dispute between two unions."<sup>30</sup> On March 20, the workers arrived at the factory and waited several hours without receiving any news. Finally, the company and the Junta de Puebla arrived together and informed them that they should return on Monday to pick up their checks.

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<sup>24</sup> Months earlier, company manager [REDACTED] had chosen a small group of workers to meet with the Sindicato Francisco Villa, though not publicly. See [REDACTED] Appendix D.

<sup>25</sup> According to interviews of [REDACTED], Izúcar de Matamoros, Mexico, [REDACTED], Appendix P.

<sup>26</sup> See letter from [REDACTED], Appendix G.

<sup>27</sup> See [REDACTED] testimony of [REDACTED], Appendix A, and Appendix M, testimony of union committee members of being followed and harassed by twelve men filed with Procuradía General de Justicia del Estado, Agencia del Ministerio Público Investigador par Izúcar de Matamoros, Puebla.

<sup>28</sup> According to interviews of [REDACTED], Izúcar de Matamoros, Mexico, [REDACTED].

<sup>29</sup> See [REDACTED] testimony [REDACTED], Appendix D.

<sup>30</sup> According to interviews of [REDACTED], Izúcar de Matamoros, Mexico, [REDACTED], Appendix P.

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On Monday, March 24, the Junta de Puebla held a meeting with [REDACTED], a representative of the CTM-affiliate, Sindicato Francisco Villa. On Monday afternoon, [REDACTED] from Matamoros Garment, [REDACTED] from the CTM, Junta de Puebla [REDACTED] arrived together to the factory by car and declared the implementation of a “paro técnico” or technical work stoppage. Matamoros Garment officials characterized the company as so financially unstable that the Federal Electricity Commission would cut off the electricity. Workers were told they would be paid 50% of their salaries for the next 15 days and that [REDACTED] would pay the workers their two weeks’ back pay.<sup>31</sup>

The same day, SITEMAG presented [REDACTED] [REDACTED] of Izúcar de Matamoros’ municipal office with a complaint against the company for the failure to pay all of their wages.<sup>32</sup> Workers arrived at Matamoros Garment to receive their checks. At four o’clock in the afternoon the CTM-affiliate arrived with the Junta de Puebla, who again witnessed the payment of two weeks’ back pay for the workers. The company used backdated checks. The CTM-affiliate and the Junta de Puebla representatives brought food for the workers and told lies about the CAT, the organization that was advocating for the workers. For example, they said that factory [REDACTED] [REDACTED] was paying the CAT and that the CAT had falsified the signatures for the workers’ collective demand. Workers denied these allegations and questioned if the CTM-affiliate and the Junta de Puebla were trying to buy the workers’ loyalty by giving away free food.<sup>33</sup>

On March 26, the Junta de Puebla denied SITEMAG’s petition for union recognition. They cited five reasons: first, the name of the union was unclear; second, the two union assembly attendance lists were not identical because the name of [REDACTED] of the [REDACTED] was incorrectly written, the reason for forming the union was not written on one of the lists and one of the lists was not appropriately authorized; third, proof was not given that the workers who signed the assembly list were older than 14 years of age; fourth, [REDACTED]; and fifth, Matamoros Garment was closed and thus the legal requirement of at least 20 active service employees was not met.<sup>34</sup> The Junta de Puebla failed to give the workers the official written denial and claimed it was mailed to the wrong address.<sup>35</sup> On March 27, after an intense search, the CAT tracked down the recognition’s written rejection at a neighbor’s house. The legal recognition had officially been denied since March 21. The document was backdated, and because it had failed to reach the correct address, SITEMAG had

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<sup>31</sup> According to interviews of [REDACTED], Izúcar de Matamoros, Mexico, [REDACTED] Appendix P.

<sup>32</sup> See allegation of [REDACTED] made by [REDACTED] against Matamoros Garment owner [REDACTED] to Procuraduria General de Justicia del Estado, Agencia del Ministerio Publico Investigador par Izúcar de Matamoros, Puebla and 59 signatures of workers supporting the claims, Appendix N.

<sup>33</sup> According to interview of [REDACTED], Izúcar de Matamoros, Puebla, Appendix P.

<sup>34</sup> See official denial by Junta de Conciliación y Arbitraje, March 19, 2003, Appendix L.

<sup>35</sup> According to members of Centro de Apoyo al Trabajador who personally tracked down and received the incorrectly mailed complaint, see Appendix D, [REDACTED] testimony of [REDACTED]

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only half of the permitted 15 days to file an appeal. They were unable to do this because of the insufficient time provided.

### **III. Failure of Mexican Government to Enforce Applicable Labor Laws**

Mexico's Federal Labor Law covers all labor and laborers in Mexico.

The rights of workers to freely establish and join organizations to further and defend their interests and the right of organizations to collectively bargain were violated in the case of Matamoros Garment on many occasions. The following instances are known to the petitioners: the two separate strikes and their dispersion by force; the engagement in a protection contract with the CTM-affiliate without knowledge of the workers; on January 16, the company's threat to the workers that the formation of SITEMAG would force the company to lose the contract with PUMA; on January 20, the company's statement to the workers that the loss of the contract with PUMA was the fault of SITEMAG; the surveillance and harassment of SITEMAG union leaders by 12 men with probable association with the CTM-affiliate; the implementation of "forced breaks" from work on [REDACTED] and others throughout March; the implementation of a "paro técnico" without certain prior notice and proof of the company's financial distress to the workers or the Junta de Puebla; and the ultimate denial of the registration of the independent, representative union SITEMAG.

Freedom of association, the protection of the right to organize, and the right to collectively bargain are protected under the following Mexican Federal Labor Laws: Article 133, which prohibits the employers from forcing the workers to join a trade union that is not of their choice; and which prohibits company participation in the creation of any trade union of the workers.

Article 357, which states that workers have the right to form unions, without any previous authorization.

Article 358, which states that nobody can force a person to be part of a union or not be part of a union.

Article 359, which states that unions have the right to write their statutes and regulations, elect freely their representatives, organize their administrations and their activities and formulate their own program of action.

Article 365, which outlines the requirements for the registration of any union through the Junta, all of which were met by SITEMAG.

Article 366, that explicitly lists the only reasons for denying a registration, none of which apply to the SITEMAG registration.

Article 369, which explicitly lists the only reasons that a union registration can be cancelled, none of which apply to the SITEMAG registration.

Article 370, which states that unions are not subject to dissolution, suspension, or cancellation of their registration by administrative route.

Article 685 and 686, which place the obligation of a fair registration process on the Junta and explicitly require them to correct any technical deficiencies in the registration process, helping the applicants correct these errors, and prohibiting them from denying registrations on such technical grounds.

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The Mexican government failed to meet its obligation to prevent occupational injuries and illnesses, in prescribing and implementing standards to minimize the causes of occupational injuries and illnesses, on the following occasions: the persistent, unsanitary conditions of the cafeteria, instances in which the Matamoros Garment workers were locked inside the factory, and occasions in which employers verbally abused workers.

These conditions violate the following Mexican Federal Labor Law provisions: Article 51, which states that no worker should be placed in dangerous working conditions that might threaten their health, that under no circumstances may the employers threaten, mistreat, physically assault, or pursue such actions against a worker or their relatives, and that prohibits employers from mistreating or making threats toward workers or their families.

Article 132, which establishes that the “patrons” are legally obligated to fulfill the legal requirements for security and hygiene in all places that work is executed, provide preventative medicine as the sanitary authority determines, and which explicitly prohibits employers from verbally abusing workers.

Finally, the Mexican government has failed to meet its obligation to enforce minimum employment standards, such as minimum wages and overtime pay. These rights of Matamoros Garment workers were violated by the company’s failure to pay the minimum wage for garment sewers to the workers; to pay the workers for three weeks of back wages, and then eventually only paying half the wage; to pay the legally-mandated severance following the closure of the factory to Matamoros Garment employees; to protect workers from forced overtime, illegal suspension and layoff; and the failure to follow legal requirements and obligations during the subsequent closure of Matamoros Garment, S.A. de C.V.

These conditions violate the following Mexican Federal Labor Law:

Article 3, which establishes the right to work in favorable conditions and requires the work to provide payment that provides for life, health, and a sustainable economic level.

Article 5, which establishes a minimum wage, the maximum period of pay being one week, and establishes the maximum work hours for a day and prohibits excessive work hour requirements by employers.

Article 33, which nullifies resignations of workers made on the account of unpaid and still owed wages, still receivable indemnifications, or other benefits offered in any form; which establishes that legal resignations require a written statement that explicitly states the worker’s understanding of their rights; which states that this statement must be approved by the Junta, and that they should be approved only when a worker’s rights have not been violated.

Article 34, which states that all agreements between unions and management that affect the rights of workers are subject to the following conditions: that the agreements only affect the future so that past benefits or payment owed are not forgiven, that no agreement refer to particular or individual workers, and that when reductions in work occur, it falls in line with Article 437 (see below).

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Article 51, which states that workers must be paid on the date and place that they are normally paid.

Article 61, which establishes the maximum hours for a workday as eight hours, seven hours for a work night, and the average of any mixed work.

Article 66, which establishes that any overtime work be limited to a maximum of three hours of the work day and that overtime is not required more than three times in one week.

Article 68, which states that workers are not obligated to work for any time greater than permitted by law, and that workers whose overtime work exceeds nine hours of overtime in the work week be paid 200% of the salary that corresponds to the regular work day hours.

Article 85, which states that workers should not be paid below the minimum wage established by law.

Article 88, which states that “material” workers should have a pay period no greater than one week and all other workers should have a pay period no greater than fifteen days.

Article 90, which states that the minimum wage is the smallest wage that a worker should receive for a single workday.

Articles 91, 92, 93 and 94 which establish minimum wages and state that they can be governed by geographic areas of application or by type of work done.

Article 106, which prohibits suspension of pay except with regard to those exceptions granted explicitly by law, none of which apply in the case of the Matamoros Garment workers.

Article 109, which establishes that workers must be paid according to all previous arrangements during working hours or immediately after working hours.

Article 132, which establishes that it is the obligation of the “patron” to pay the workers according to the effective norms of the company.

Article 427, which establishes that the company must do the following: if it suspends under 427 part i, that it inform the Junta of the suspension prior to its occurrence for their approval or disapproval as outlined in Article 782; if it suspends under part iii or v, the employer, prior to suspension, should obtain the authorization of the Junta and follow the stipulations of the collective conflicts of economic nature; if it suspends under part ii or vi, the employer, prior to suspension, should obtain the authorization of the Junta in compliance with the stipulations contained in Article 782 and in the other Articles following.

Article 428, which states that the company must take into account when suspending workers the length of service of employees, explicitly stating that workers who have a shorter period of previous employment are suspended first.

Article 430, which states that the Junta, upon sanctioning and authorizing the suspension, should note the payment that the company should give to the workers, taking into consideration among all other circumstances, the probable time period of suspension, the likelihood of workers finding new employment, which must not exceed one month’s salary.

Article 431, which states that the union and the workers retain the right to request from the Junta verification of the causes of the existing suspension; if the Junta finds that the causes are no longer applicable, they must fix a date to end the suspension no later than

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thirty days after their determination; if the employer fails to reinstate the workers, the workers have the right to compensation as outlined in Article 50.

Article 432, which states that the employer must announce with due timeliness the date when work is to begin again, and that the employer will give notice to the union, and will summon, through the means that the Junta deems necessary, the workers that were employed by the company when the suspension was decreed and will be under obligation to reinstate them in the positions that they previously occupied as long as they appear within the period that the employer fixes, which cannot be less than thirty days starting from the date of the last summons, and further that if the employer does not comply with the obligations stated in the previous paragraph, the workers can exercise the actions to which article 48 refers.

Article 437, which states that when dealing with a reduction in the number of workers in a factory, the skill level and the period of previous employment must be taken into consideration.

Article 438, which states that when new jobs are added or new jobs with similar functions are created, the employer has an obligation to follow the stipulations regarding hiring for those positions in Article 154.

Article 782, which states that the Junta has the right and the obligation to examine all relevant documents when clarifying legal matters or approving or disapproving of legally mandated requests.

### **A. Application of International Agreements**

Article 133 of the Mexican Constitution incorporates all legal obligations and recommendations under ratified international treaties into binding law throughout Mexico. Mexico has ratified several international treaties that relate to the right of freedom of association and minimum employment standards. These ratifications serve as the basis for the petitioners to allege violations of Mexico's international obligations as follows:

As party to **ILO Convention 87**,<sup>36</sup> Mexico has an obligation to allow for the right to freedom of association in the workplace. Furthermore, the ILO has declared that all countries that are members of the ILO must "adhere to ILO Convention No. 87 as a condition of membership, regardless of whether they have ratified it."<sup>37</sup> In the case of the Matamoros Garment workers, the freedom of association was violated on at least nine occasions, as cited above. In addition, the Junta de Puebla's actions regarding the suppression and illegal denial of registration of the SITEMAG union show a failure to enforce this right.

As a party to **ILO Convention 131**,<sup>38</sup> Mexico has an obligation to enforce the legally mandated minimum wage. The Mexican government, specifically the Junta de Puebla's failure to enforce this obligation in the case of the Matamoros Garment workers shows

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<sup>36</sup> Ratified by Mexico April 1, 1950, entered into effect July 9, 1948.

<sup>37</sup> "NAALC – Principle Focus." Available at [http://www.naalc.org/english/publications/bulletin1vol1\\_8.htm](http://www.naalc.org/english/publications/bulletin1vol1_8.htm)

<sup>38</sup> Ratified by Mexico April 18, 1973, entered into effect June 22, 1970.

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the failure of Mexico to actively enforce the legally binding minimum wage requirements.

As a party to the **American Convention on Human Rights**,<sup>39</sup> Mexico has an obligation to enforce the right to freedom of association, specifically including labor associations, as outlined in Article 16. Mexico has violated this obligation by allowing the Junta de Puebla to act in the interest of the company, rather than the workers, by failing to allow and clear obstacles for the registration of SITEMAG.

As a party to the **Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights (Protocol of San Salvador)**,<sup>40</sup>

Mexico has a legal obligation to enforce the following principles:

1. All people shall have remuneration that guarantees a decent living condition for any work undertaken, as outlined in Article 7. The minimum remuneration must be interpreted to mean at least the minimum wage as determined by the government, which Mexico has failed to effectively require as shown in the case of Matamoros Garment workers.
2. All people shall have the right to organize trade unions and join a union of their choice, as outlined in Article 8. Mexico has failed to enforce this principle by failing to allow the SITEMAG union to be recognized on minor technical grounds.

No person shall be compelled to join a trade union, as outlined under Article 8. Mexico has failed to prevent the forced joining of the CTM-affiliate union in the case of the Matamoros Garment workers and furthermore failed to allow them to form their own independent, representative union.

As party to the **International Covenant on Economic Social and Cultural Rights**,<sup>41</sup> Mexico has a legal obligation to enforce the following principles:

1. All people shall have the right to work, as outlined in Article 6. Closure of factories because of union organizing derogates this fundamental right.
2. All people shall have the right to decent wages and safe and healthy working conditions, as outlined in Article 7. The failure to pay the minimum wage as determined by the Mexican government violates this principle, and the unsanitary status of the cafeteria was far below any healthy working condition.
3. All people shall have the right to join and form a trade union of choice, as outlined in Article 8. The original union, which entered into a contractual agreement with the company without the worker's approval, was an attempt to prevent the workers from forming a union of choice. The further failure to provide a fair and impartial registration process for SITEMAG indicates Mexico's failure under this obligation to recognize and remove any obstacles for the creation of SITEMAG and to ensure its labor tribunals have no conflict of interest in protecting Mexican workers' labor rights.

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<sup>39</sup> Ratified by Mexico on March 24, 1981.

<sup>40</sup> Ratified by Mexico on April 16, 1996.

<sup>41</sup> Ratified by Mexico on March 23, 1981.

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As party to the **International Covenant on Civil and Political Rights**,<sup>42</sup> Mexico has a legal obligation to enforce the principle that all people shall have the right to freedom of association, including the right to form and create trade unions, as outlined in Article 22. The denial of the SITEMAG registration on technical grounds reveals Mexico's failure to produce a good faith effort to enforce this obligation.

#### **IV. Pattern of Non-Enforcement of Labor Law**

The violations of labor law that occurred in the recent case of Matamoros Garment alleged in this public submission are part of a repeated pattern of non-enforcement by the Mexican government, as noted in prior NAALC submissions and subsequent US NAO findings. The petitioners have direct knowledge, because of its advocacy efforts, of remarkably similar violations with the independent union movement at Kukdong International Mexico S.A. de C.V. in Atlixco, Puebla. In this case, the Mexican government also failed to uphold the same NAALC principles, federal labor laws, and provisions of international agreements regarding workers' freedom of association, right to organize, to collectively bargain, to enforce minimum wage standards, and to prevent occupational injury and illness.

The Kukdong International, S.A. de C.V. factory opened in November 1999. Not long after the factory opened, the company signed a protection contract with [REDACTED] of the union Confederación Revolucionaria de Obreros y Campesinos (CROC) without the knowledge of the workers, violating their freedom of association. The company recruited workers with the CROC-affiliate in Izúcar de Matamoros. Together they hired approximately 850 workers.

In December 2000, the nearby Popocatepetl volcano erupted, forcing the evacuation of the villages surrounding its base, where many Kukdong workers lived. Kukdong management continued the plant's operations, endangering the workers' lives, even though they were aware of the emergency evacuation due to the volcano's eruption. The workers went home after work and were alarmed to find out that their families had been moved to shelters in unknown locations. They refused to go back to work until they located their families. When they did, the management forced them to work overtime to make up for lost production. [REDACTED], the CROC representative who had an office inside the factory, made the announcement of two hours obligatory overtime over the company loudspeaker, again violating the workers legal rights.

When the Kukdong workers decided to take their grievances to the company, the CROC representative would not help them. The free meals the company had promised were not reasonable or edible.<sup>43</sup> Workers had gotten sick more than once and had to be taken to the hospital with stomach and intestinal cramps. The Kukdong supervisors and security

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<sup>42</sup> Ratified by Mexico on March 23, 1981.

<sup>43</sup> Worker Rights Consortium Report and Recommendations Re: Complaint Against Kukdong Mexico International, S.A. de C.V., June 20, 2001. [http://www.workersrights.org/Report\\_Kukdong\\_2.pdf](http://www.workersrights.org/Report_Kukdong_2.pdf)



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personnel committed acts of physical and verbal abuse against workers.<sup>44</sup> Sewers were being paid below the legal minimum professional wage for garment sewers.<sup>45</sup> And the workers were locked inside the gates of the factory compound during the workday.<sup>46</sup> All of the above conditions violate Mexican Federal Labor Law, show a pattern of non-enforcement of this labor law, and are consistent with the illegal, substandard conditions in the Matamoros Garment plant.

The workers organized a boycott of the cafeteria food at Kukdong on December 15, and were subsequently fired on January 3, 2000. This prompted a two-hour work stoppage by the majority of the 800 workers who demanded the reinstatement of the fired leaders, and the elimination of the protection contract with the CROC-affiliate. When the company did not respond, over 600 workers began a strike. They occupied the factory yard inside the complex but outside the building on January 9.<sup>47</sup>

On the third day of the work stoppage, January 11, the management at the company and [REDACTED] of the CROC filed criminal complaints against the union committee members for “kidnapping” and “usurpation of private property.”<sup>48</sup> The 300 workers that had gathered in the yard sat on the ground, raised their arms, sang the Mexican national anthem, and were brutally removed by riot police in violation of their freedom of association. [REDACTED], the CROC representative, was seen directing the police. Seventeen workers were sent to the hospital, one had a concussion and another had broken ribs.<sup>49</sup>

The next morning the 75 workers gathered in front of the mayor’s office in Atlixco. The fired union committee members were allowed back in the factory and in March they formed the independent union the Sindicato Independiente de Trabajadores de la Empresa Kukdong International Mexico (SITEKIM), and filed for registration with the Junta de Puebla. One day before the sixty-day period for examination of the application expired, the registro was denied on the grounds that several people had resigned who signed the application, and that the union committee members were employed under individual contracts.<sup>50</sup> Subsequently, allegations surfaced that the CROC had paid factory workers to take their names off the list, and after more than a year of local and international advocacy efforts, the decision of the Junta de Puebla was reversed. It should

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<sup>44</sup> Worker Rights Consortium Report and Recommendations Re: Complaint Against Kukdong Mexico International, S.A. de C.V., June 20, 2001.

<sup>45</sup> Worker Rights Consortium Report and Recommendations Re: Complaint Against Kukdong Mexico International, S.A. de C.V., June 20, 2001.

<sup>46</sup> Worker Rights Consortium Report and Recommendations Re: Complaint Against Kukdong Mexico International, S.A. de C.V., June 20, 2001.

<sup>47</sup> Worker Rights Consortium Report and Recommendations Re: Complaint Against Kukdong Mexico International, S.A. de C.V., June 20, 2001.

<sup>48</sup> Worker Rights Consortium Report and Recommendations Re: Complaint Against Kukdong Mexico International, S.A. de C.V., June 20, 2001.

<sup>49</sup> Worker Rights Consortium Report and Recommendations Re: Complaint Against Kukdong Mexico International, S.A. de C.V., June 20, 2001.

<sup>50</sup> Worker Rights Consortium Report and Recommendations Re: Complaint Against Kukdong Mexico International, S.A. de C.V., June 20, 2001.

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be noted that this is highly unusual, and that SITEKIM remains the first and only independent union in the maquiladora free trade zones in Mexico.

### **V. Other US NAO Findings and the Persistent Failure of the Mexican Government**

The NAO's prior dealings with cases are commendable. This public submission presents new evidence and allegations, though it deals with violations of the same laws; therefore, the petitioners' public submission meets the requirement of new evidence as well as the presentation of a systemic pattern of non-enforcement of labor law by the Mexican government. The US NAO should accept this public submission and act swiftly to resolve remaining issues with regard to the plight of Matamoros Garment workers.

The violations addressed in this petition are familiar to the US NAO. In fact, the NAO has an excellent record over the years in knowledgeably finding a continuous pattern of failure on the part of the Mexican government to uphold fundamental workers' rights, especially the right to form independent labor unions of their choice. Similarly, the NAO has observed repeated problems in Mexico's system of ensuring compliance with health and safety requirements while also questioning the government's record in complying with minimal employment standards.

This section will review some important prior findings by the US NAO. Such a review demonstrates the urgency of the NAO continuing to maintain vigilance over protecting these important labor rights, all of which have been violated in the present case.

### **A. US NAO Findings on Systematic Discrimination Faced by Workers Seeking to Join an Independent Union**

In numerous cases, the NAO has faulted Mexico's Juntas de Conciliación y Arbitraje for a lack of transparency, arbitrary behavior, and repeated bias against independent labor movements. It has also found a pattern of collusion between management, "official" unions (especially CTM affiliates), and Juntas de Conciliación y Arbitraje in intimidating workers seeking to join an independent union at their plant.

All of these problems were recognized by the NAO as early as the Sony case (94-03). There, it found a history of intimidation suffered by workers seeking to organize an independent union and widespread deficiencies in the behavior of the Junta Local de Conciliación y Arbitraje. The NAO noted that the Junta displayed clear bias against the independent labor movement and wrongly used technical deficiencies to deny official registration to the independent movement. Critically, the NAO found that the evidence presented by submitters in Sony (94-03) was consistent with a broader pattern of systematic discrimination against independent unions. It also questioned the composition of the Junta, whereby the labor representative consistently belonged to one of the "official" Mexican unions. In a follow-up report in 1996, the NAO expressed the hope that the recent Mexican initiative for a "New Labor Culture" would redress these systematic problems.

In the ensuing years, however, the US NAO received several complaints noting that the same pattern of systematic discrimination against independent labor movements was

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proceeding as usual. Thus in both Han Young (97-02) and Echlin/Itapsa (9703), the NAO issued highly critical reports strongly faulting the Mexican government for its biased, arbitrary labor boards that enabled management and official unions to intimidate workers seeking to join independent unions. Among other matters, the NAO faulted the lack of transparency in union registration, which enabled companies to produce “protection contracts” with official unions in order to forestall an independent organizing drive. As the NAO observed, the workers at the plant had no knowledge of the supposedly preexisting collective bargaining contract. Interestingly, in a parallel case heard by the Canadian NAO (Can NAO 98-01) dealing with some of the same allegations as those in US NAO 9703, the Canadian NAO was equally harsh on the systematic failures of the Mexican government to uphold the rights of independent labor movements.

To its credit, the US NAO called for far-reaching ministerial consultations on all these issues. In May 18, 2000, a joint declaration was issued in which the Mexican government committed, among other things, to promoting secret votes for union representation and the public registration of collective bargaining contracts, fairer application of labor law by the Junta, and providing workers information on existing collective bargaining contracts. Notwithstanding these commitments, independent labor movements and workers seeking to join them continue to face discrimination and persecution as demonstrated in the present case. In fact, the US NAO suggested its disappointment in Mexico's failure to follow through with its commitments in the TAESA case (99-01). There, the NAO found strong evidence that the independent flight attendants' union experienced a pattern of intimidation similar to that found in previous submissions to the NAO.

### **B. NAO Findings on Mexican Failure to Uphold Health and Safety and Minimal Employment Standards**

Health and safety problems in Mexico have also been a frequent issue raised by submitters to the US NAO. The NAO first took explicit recognition of systematic problems in Mexico's system of upholding health and safety standards in the Han Young and Echlin cases. In both cases, the NAO faulted the Mexican government for a lack of transparency to its system of inspections, inaccessibility to affected workers, and a lack of evidence for following through in the imposition of fines and other sanctions. The US NAO has continued to find a similar pattern of problems in two subsequent cases, TAESA and Auto Trim-Custom Breed (2000-01). All of these cases have led to ministerial consultations on Mexico's system for upholding health and safety standards. But, as is true with the rights of free association and collective bargaining, the problems identified by the NAO in its reviews remain. Finally, the US NAO has also questioned Mexico's record in upholding minimal employment standards, especially in TAESA where the NAO faulted the government for not ensuring that legally mandated overtime pay was in fact received by the flight attendants.

We commend the US NAO for its impressive record in investigating and identifying systematic problems in Mexico's failure to uphold the rights of independent labor movements, health and safety standards, and minimal employment standards. We are confident that the NAO will be equally vigilant in this submission as the factual pattern

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here is consistent with that found in prior submissions. Moreover, given the inability of prior rounds of ministerial consultations to resolve these ongoing problems, we urge the NAO to take more far-reaching steps to ensure the attainment of meaningful progress on these issues. The NAO has rightfully earned respect for its hard work and sophisticated understanding of labor law and labor practices in Mexico. However, given the lack of progress to date in ministerial consultations, we urge the NAO to join with the petitioners to encourage the labor ministers to go beyond such consultations in the effort to implement a truly effective system for ensuring high labor standards in North America by exploring the possibility of an Evaluation Committee of Experts.

### **VI. Request for Action**

#### **A. Trade Relatedness and Mutually Recognized Laws**

The issues dealt with in this submission are related to trade and deal with mutually recognized laws, allowing for the request of an Evaluation Committee of Experts and an Arbitral Panel. The violations that are complained of are trade related, as Matamoros Garment deals with the production of goods in Mexico that are then sold in the United States and Canada. Furthermore, mutually recognized laws, including the right to freedom of association, minimum employment standards, and occupational health and safety standards, cover the alleged violations.

#### **B. NAO Cooperative Consultations**

The petitioners request the NAO to conduct cooperative consultations, as outlined in Article 21 of NAALC, in order to resolve the issues that have been raised in this submission. The resolution must satisfactorily deal with all violations in this submission: The SITEMAG union is allowed to register with the Junta de Puebla.

All legally mandated and still unpaid wages be paid in full without further delay, including back wages, overtime compensation, company promised bonuses, and severance pay.

The Junta de Puebla investigate and determine if the Matamoros Garment factory was shut down because of economic reasons, investigating fully to see if these reasons still govern its shutdown.

The Mexican Government investigate the ongoing failure of the Juntas to enforce the applicable labor laws, particularly those governing healthy working conditions, wages, union registration, suspension and termination of workers, and factory shut down.

The petitioners request that a study group is established to examine the ability of factories to close because of anti-union bias and the effects of factory closures on the rights to freedom of association and collective bargaining. Although this has already been conducted under the Mexico NAO Complaint 9501, the issue is still clearly relevant with new evidence provided by the shut down of the Matamoros Garment factory.

#### **C. NAO Ministerial Consultations**

The petitioners request that the United States NAO conduct ministerial consultations, as outlined in Article 22 of NAALC, to discuss the failure to enforce applicable Mexican labor laws and international laws cited in this submission.

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## **D. Public Hearings**

The petitioners request that the United States NAO hold one or more public hearings, as outlined under Section H of the Procedural Guidelines, in Houston or San Antonio, to receive oral testimony and further explanation of the issues raised in this submission.

## **E. Evaluation Committee of Experts**

The petitioners request that the NAO seek the support of the Secretary of Labor to provide the opportunity for an Evaluation Committee of Experts (ECE), as outlined in Article 23 of the NAALC. As mentioned above, the issues meet the requirements of trade relatedness and mutually recognized labor laws.

To date, there have been 24 public communications under NAOs in Mexico, Canada, and the United States. Of the 24 public communications, 15 have alleged that the Mexican government has failed to fulfill its obligations under the NAALC.

The ministers of labor of the three countries have never requested an Evaluation Committee of Experts, and the furthest that the ministers of labor have taken the NAO public submission process is to ministerial consultations. The petitioners review here the effect of previous consultations and attempt to show that an Evaluation Committee of Experts is required to properly address the issues facing the Mexican government.

### **1. Freedom of Association Consultations**

Eleven public communications have been filed with regard to Mexico's failure to protect the right to freedom of association and the right to organize. Two of these cases were withdrawn (US 940004 and US 9602). One of the cases failed to recommend ministerial consultations to the US Secretary of Labor (US 940001). One of these cases was denied (US 2001-01).

The remaining seven cases requested ministerial consultations that resulted in public reports and action plans. While the action plans have been carried out and improved the situation in individual factories, the issues raised in this public communication show that the Mexican government still faces substantial issues in the realm of freedom of association and the right to organize.

### **2. Wage Consultations**

Wage violations regarding the failure to pay required taxes and other deductions and failure to compensate workers for overtime were all alleged in the TAESA Submission. Given the nature of previous ministerial consultations with regard to the right to organize and wage violations, the petitioners request that an Evaluation Committee of Experts examine the issue of enforcement of laws on wages.

### **3. Occupational Health and Safety Consultations**

Occupational Health and Safety Consultations have been alleged in the Han Young Submission, Echlin Submission, TAESA Submission, and Auto Trim Custom Breed submissions. Given the additional cases included in this submission alleging violations of occupational health and safety laws, the petitioners request that an Evaluation

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Committee of Experts examine the issue of enforcement of occupational health and safety laws.

**F. Arbitral Panel**

If the issues surrounding failure to enforce the applicable laws are not resolved through the ECE, the petitioners request that the Secretary of Labor explore the possibility of an Arbitral Panel, as outlined in Article 29, to discuss an alleged pattern of failure regarding minimum employment standards and occupational safety and health. As mentioned above, the issues meet the requirements of trade relatedness and mutually recognized labor laws.

**VII. The Petitioners**

We the undersigned request the NAO to review this public submission and take all appropriate actions as requested.

**Nilay Vora**

University of Southern California  
United Students Against Sweatshops

**Molly McGrath**

United Students Against Sweatshops

**Lindsay Marisol Enyart**

University of New Mexico  
United Students Against Sweatshops

**Julia Plascencia**

University of California Los Angeles  
United Students Against Sweatshops

**David Alvarado**

United Students Against Sweatshops

**Blanca Velasquez Diaz**

Centro de Apoyo al Trabajador

**With support from Centro de Reflexión para la Acción Laboral (CEREAL) and Jonathan Graubart.**

VI. Appendices

Appendix A. [REDACTED]

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Appendix B. [REDACTED]

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Appendix C. [REDACTED]

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Appendix D. [REDACTED]

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### **Appendix E. PUMA's corporate statement regarding PUMA's previous supplier Matamoros Garment in Puebla, Mexico**

**January 24, 2003**

Matamoros Garment is a U.S. owned garment factory, located in Puebla, Mexico. This factory specializes in the production of uniforms for U.S. restaurants and hospitals under the Angelica label. Until January 2003, Matamoros Garment also produced apparel for PUMA for the U.S. market.

In early September 2002 Matamoros Garment was controlled and audited by PUMA AG and World Cat America. The factory's board of management had agreed to abide to PUMA's Code of Conduct as well as "Declaration of Principles." By agreeing to the terms of this contract any supplier dealing with PUMA is contractually bound to follow PUMA's Code of Conduct. Any violations of this agreement, without immediate improvements to the factory and or conditions, ensure PUMA the right to terminate all business relationships with that facility.

The following findings pertain to the audit conducted by PUMA and World Cat on the Matamoros Garment factory:

- Health and safety conditions found in the factory were in accordance with international and company standards.
- None of the interviewed workers voiced complaints that indicated violations of PUMA's S.A.F.E. standards.
- No child labor was detected; all factory workers were age 17 and above.
- Salary levels were above the required minimum wage.

Until recently another U.S./Mexican lifestyle company used the Matamoros Garment factory for production. During September 2002, Matamoros shipped approximately 500,000 pieces to said company. Since September, this company has filed for bankruptcy and has been unable to pay for deliveries already received. Consequently, Matamoros Garment entered into financial difficulties.

Financial problems caused from this third party resulted in considerable product delays for PUMA. These delays ultimately lead PUMA to terminate Matamoros Garment's production contract on October 8, 2002.


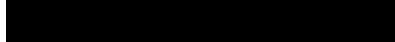

Apparently incorrect information has been spread, alleging that PUMA would terminate Matamoros Garment's production contract if the workers continue to demand their rights. This statement holds no merit and goes against PUMA's Code of Conduct. More importantly, at the time these allegations were made, the tie between PUMA and Matamoros Garment had already been severed.

PUMA is fully aware of the responsibility it has to any workers producing PUMA branded products. PUMA has and will ensure that all necessary action will be taken to

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avoid any kind of violation. PUMA has developed a comprehensive Code of Conduct; the support of a worker's right to freedom of association is a cornerstone of the Code of conduct. All business partners are obliged to follow the Code of Conduct.

For further details regarding this issue please contact:

 in Hong Kong  
 in Herzogenaurach/Germany  
 in Boston/USA

**--REDACTED--**

**Appendix F: USAS open letter in response to PUMA's "corporate statement"**

**February 5, 2003**

CC: [REDACTED] CEO  
[REDACTED], [REDACTED] Manager  
[REDACTED], USA

Dear [REDACTED],

We are in receipt of your "Corporate statement regarding PUMA's previous [sic] supplier Matamoros Garment in Puebla, Mexico".

Regardless of the date you purport to have ended production at Matamoros, workers were producing for PUMA through January. Therefore, PUMA is responsible for the violations that have occurred during the manufacture of PUMA garments at Matamoros Garment, and that means PUMA is responsible for fixing the problem. Any other position is morally bankrupt. You cannot profit from sweatshop production, and then walk away when you are discovered.

On January 13, when the workers at Matamoros Garment took the high risk action of striking to protest the non-payment of wages, the forced overtime, the dangerous practice of locking them in the factory, and the imposition by the company of a "sweetheart" or "yellow" union, they left PUMA garments in their machines and on their worktables. PUMA is ultimately responsible for all of these conditions.

It is very telling that you delayed your response to the many queries you have no doubt received until after your representative visited Matamoros Garment January 21st, and apparently instructed Matamoros Garment management to remove all PUMA labels from the factory. Your representative did not bother to speak with workers, to find out how they have been treated, or to see if there was something PUMA could do to remedy the violations. The following Monday, Matamoros Garment management took advantage of the opportunity you gave them to denounce the workers who protested their abuse, saying to the assembled workers that it was the fault of the protesters that PUMA work was being removed. You are apparently complicit with this repressive management, and should keep in mind how whatever repressive actions they take will reflect on you and your company.

The bottom line is, workers are still owed money for the period in which they were making your garments. When will you pay up?

Workers are still forced to work under a "contract" negotiated by a "yellow" union that they never saw until they took action, a union that apparently made a back-door deal with management during the period in which they were making your garments. When will you act to remedy this situation?

## **--REDACTED--**

The audit you mention in your "corporate statement" is an example of the hypocrisy and failure of PUMA's "Code of Conduct". The audit Puma paid for says, "None of the interviewed workers voiced complaints." We know from talking with workers that before the PUMA audit Matamoros Garment management warned the workers that they should not tell the auditors about the salary arrears, forced overtime and other violations. Management told them that if they told the truth, PUMA would not send more work, and they would lose their jobs. The interviews took place in the factory, under the eyes of these very same managers. And why would Matamoros Garment allow you into the factory if you held no clout there?

It seems PUMA's auditing methods are designed to ensure that PUMA does not have to hear or see the truth. Thus PUMA can profit from sweatshop conditions, while claiming to be an honorable company. As students with United Students Against Sweatshops, we know about monitoring, and we know that this kind of monitoring is full of falsehoods.


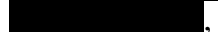
You say, "Incorrect information has been spread, alleging that PUMA would terminate Matamoros Garment's production contract if the workers continue to demand their rights. This statement holds no merit and goes against PUMA's Code of Conduct. More importantly, at the time these allegations were made, the tie between PUMA and Matamoros Garment had already been severed." It seems to us that PUMA's actions speak more clearly than your words. With PUMA garments still in the machines, PUMA claims "ties between PUMA and Matamoros Garment had already been severed". This is absurd. Your label, your responsibility.

The series of events that have been witnessed by the workers tell another story: PUMA has had their work done in Matamoros Garment in blatant violation of Mexican and international law, PUMA's own "Code of Conduct", and common decency. When workers protested, PUMA pulled their work as quickly as they could. How would you see this if you were a worker at Matamoros Garment? How do you expect the general public to see this?

Matamoros Garment is a PUMA factory. Matamoros Garment has produced PUMA garments during the entire period of the violations, "until January 2003", as you yourself admit. It is therefore incumbent upon PUMA to stay around long enough to fix the problem, to ensure that workers at Matamoros Garment have the right to a union of their choice, and to have wages and working conditions that accord with Mexican and international law, as well as with PUMA's Code of Conduct. Any other course of action would make your code of conduct and expressions of concern over sweatshop conditions in your producers' factories impossible to take seriously.

Sincerely,

**USAS Coordinating Committee**

, Emerson University  
, Florida State University

**--REDACTED--**

[REDACTED], Washington, DC  
[REDACTED], Columbia University  
[REDACTED], University of Michigan-Ann Arbor

**USAS Staff**

[REDACTED], Development Director  
[REDACTED], National Organizer  
[REDACTED], National Organizer  
[REDACTED], National Organizer

(and our 140+ affiliated chapters around the U.S.)

**--REDACTED--**

**Appendix G. Letter from [REDACTED], PUMA, [REDACTED]**

**February 12, 2003**

Dear Members of the USAS:

I am writing with regard to your letter dated February 5th, 2003, pertaining to PUMA's involvement with the Matamoros Garment Factory, Mexico. The allegations and questions that you raise in your letter are very troublesome and I hope that the following, along with the attached release, will provide you with the needed information to dismiss the assertions that you have made.

Working through your letter, I would like to address each item in separately to ensure that no stones are left unturned. As we respect your time and wanted to be sure that we are basing our statements on accurate information, we had to delay our response to you by several days. This allowed us to process the information that was collected by a team of PUMA employees that was sent down to the Matamoros Garment Factory prior to the receipt of your letter.

Once our review team arrived in Mexico we conducted a thorough fact checking operation, including a battery of interviews with randomly selected factory workers, to answer questions pertaining to the problems experienced at the factory. [REDACTED] Prior to the arrival of the team we had to base our findings on the work of our agent or "representative" in Mexico. As I am sure you understand, drawing conclusions based on accounts of the aforementioned might have resulted in skewed information.

PUMA conducted [REDACTED] interviews without the presence of factory management, union leaders or any impartial party. All of the interviews revealed that workers were not locked into factories or forced to work. All interviewed employees indicated that such conditions never existed during the time that PUMA had a production contract with the Matamoros Garment Factory. Of equal importance was ascertaining if the factory workers suffered any abuse. Based on the interviews, as well as the safeguards that we had put in place, abuse of any nature did not occur under PUMA's watch.

PUMA did not profit from "sweatshop production." PUMA had a production contract with Matamoros Garment Factory that was not honored by the later due to financial difficulties faced by another client of the Factory. This resulted in PUMA's production being jeopardized. To ensure that production could continue and employees could be paid PUMA and US sourcing agent went to considerable lengths. Our efforts included facilitating payments (approximately \$15,000.00 per week) over our contractual obligations. These payments ensued on a weekly basis from October 2002 through January 2003 and covered wages. These outlays were in excess of the agreement that was made between PUMA and the factory in July of 2002. In some instances the payment to workers was witnessed by Junta de Conciliación (the Mexican Worker's Court)

**--REDACTED--**

moreover, all payment records  [www.matamorosgarment.com/payment](http://www.matamorosgarment.com/payment)

In your letter you allege that PUMA denied the Matamoros Garment Factory workers the right of joining a union. This statement is unfounded, as the factory has had a union in place since November 1999. A new independent union supported by CAT and also by PUMA, as stated in our Code of Conduct, is currently seeking recognition from the local government.

The decision to refrain from placing further orders with Matamoros Garment Factory was in no part influenced by workers actions. This decision was made after the factory's management indicated that they could not meet financial obligations and would not be able to provide services in a timely manner. Since production includes more than just labor, all other elements to be supplied by the factory (machines, materials...) were jeopardized and future commitments could not be honored. PUMA's willingness to consider normalizing relationships with Matamoros Garment Factory, once the pending problems are resolved, show the company's good will and desire to find consensus on this difficult situation.

An audit of the Matamoros Garment Factory was carried out on September 11, 2002. This audit was completed in accordance with guidelines set forth by the International Labor Organization as well as the guidelines established by SA 8000. These guidelines are in harmony with those of the S.A.F.E. audit policies. The European Business Ethics Network has recognized these procedures as industry benchmarks. As such our policies have been internationally recognized and are continuously being refined to ensure that they remain industry leading.

We kindly ask that you also read the attached statement as this document addresses additional points listed in your letter.

Sincerely,





**--REDACTED--**

**Appendix H. USAS Letter to [REDACTED], [REDACTED],  
Mexican Embassy**

**March 18, 2003**

[REDACTED]  
Embassy of Mexico  
1911 Pennsylvania Ave. N.W.  
Washington, D.C. 20006 USA

Dear [REDACTED]:

United Students Against Sweatshops is an organization of students concerned with the rights and well being of workers. We consist of affiliated organizations at over 140 colleges and universities across the country.

We are writing to you regarding our concern for the workers at the Matamoros Garment factory in Izúcar de Matamoros, Puebla. These workers have recently decided to form an independent and representative union, the Sindicato Independiente de Trabajadores de la Empresa Matamoros Garment (SITEMAG), and have been supported by staff at the Centro de Apoyo al Trabajador (CAT), a labor support organization. For more than a month these workers and organizers have reportedly been targeted for their efforts to exercise their basic right to form a trade union, a practice that violates international law (ILO Conventions 98, 135, and 154).

On January 13, 2003, a majority (162) of the factory's 250 workers signed the proper documents to create the independent union SITEMAG. The workers have reported unpaid wages, forced overtime, being locked in the factory, verbal abuse from various managers, unhealthy cafeteria conditions, sub-minimum wages, and the denial of freedom of association due to a protection contract signed between the factory and the C.T.M.-affiliated union, Sindicato Francisco Villa de la Industria Textil y Conexas. The workers never voted to be part of the C.T.M., yet they pay dues, and the union claims to represent them.

An international effort has been launched to support these workers, including a successful campaign to persuade the sportswear brand PUMA to return production to the factory. However, a resolution has not yet been reached with management (nor have the appropriate government agencies legally recognized SITEMAG). On Thursday, March 20, the 60-day waiting period is up for the Junta Local de Conciliación y Arbitraje to notify SITEMAG whether their petition for legal recognition will be recognized.

SITEMAG leaders report that for the past several weeks, 12 different men have followed them home from the factory and union events on separate occasions. CAT personnel also report being followed in many small towns near Izúcar de Matamoros during this same time period. The workers stated that these same men have conducted surveillance of

**--REDACTED--**

union meetings and taken pictures of union leaders. The workers believe the men responsible are either from the Sindicato Francisco Villa or the factory.

In response, the CAT and SITEMAG leaders met with the government of Izúcar de Matamoros, the Puebla State government, and the Office of Public Security on February 25, 2003 to discuss the issue. These governmental organizations pledged to take steps to increase police protection to ensure the safety of the union leaders. We are pleased to report that initial accounts indicate that police protection has increased. However, we are very concerned for the safety of these workers. A similar incident that took place at the Kukdong factory (now Mexmode) in the same area two years ago when workers were beaten in an apparent alliance between local thugs and security forces. Intimidation of workers who are seeking to exercise their basic rights is completely unacceptable. Matamoros Garment is apparently one of Izúcar de Matamoros' top sources of foreign investment and such intimidation measures negatively affect the business climate there.

We have also received notice that workers of Matamoros Garment were informed yesterday of complete plant closure until further notice. Coincidentally, it seems as if the parties involved, Matamoros Garment, PUMA, the Junta Local de Conciliación y Arbitraje, the CTM, and perhaps the Izúcar de Matamoros government and the Puebla state government have consciously orchestrated the closure of the factory to increase the chances for possible denial of legal recognition for the democratic, representative union of the workers' choice, SITEMAG. Legal recognition of the workers' union would be another step to ensure a nonviolent, stable investment setting.

We would appreciate if the embassy in Washington would alert local authorities in Puebla that concerns about the security of the Matamoros Garment and CAT workers have been conveyed to you in the U.S. Please let them know that we appreciate the commitments that have been made to provide security for the workers thus far, and that the embassy in Washington has been asked to stay informed of the situation in the coming weeks. Given that the goods produced in this factory are exported to the U.S., we believe we in the U.S. have a responsibility to lend our support to the workers who are seeking to exercise their basic rights. Additionally, if the embassy would alert officials at the Izúcar de Matamoros government and the Junta Local de Conciliación y Arbitraje to the upcoming deadline for recognition of the workers' union of choice, and our concerns that recognition is in the best interest for the workers, that would also be appreciated. Any other action will only further complicate the situation.

We would like to request a meeting with you on Wednesday, March 19, to further discuss the details of this situation. Thank you for your attention.

Sincerely,

, USAS Development Director  
, USAS National Organizer

**--REDACTED--**

**Appendix I. USAS Letter to Presidente de México, Vicente Fox Quesada, and Secretary del Trabajo y Previsión Social, Carlos María Abascal Carranza**

April 17, 2003

C. Vicente Fox Quesada  
Presidente de los Estados Unidos Mexicanos  
Residencia Oficial de los Pinos  
Puerta 1  
Col. San Miguel Chapultepec  
Delegación Miguel Hidalgo  
México, DF, C.P. 11850

Lic. Carlos María Abascal Carranza  
Secretaría del Trabajo y Previsión Social  
Periférico Sur, No. 4271, Edif.. A, Piso 4  
Colonia Fuentes del Pedregal  
DF, México, México 14149

Dear President Fox and Secretary Abascal:

United Students Against Sweatshops, an organization of thousands of American students concerned with the rights and well being of workers all over the world, calls your attention to a very important and serious situation in Izúcar de Matamoros, Puebla, Mexico.

As you may know, there is an unresolved labor relations dispute at the Matamoros Garment *maquiladora* in Puebla. Most importantly, we would like you to know that because of illegal actions by officials of the Puebla labor authorities, hundreds of Matamoros Garment workers have been denied their rights under Mexican and international law, and are now out of jobs.

Matamoros Garment workers stopped work on January 13, 2003, demanding their long overdue wages. They also protested sweatshop conditions in their workplace, citing illegally low and repeated non-payment of wages, forced overtime, being locked in the factory, verbal abuse, unhealthy cafeteria conditions, a lack of transportation to and from work, and the denial of freedom of association. The same day, over 160 of 250 workers formed an independent union at the factory, the Sindicato Independiente de Trabajadores de la Empresa Matamoros Garment (SITEMAG) and filed a request with the Puebla *Junta Local de Conciliación y Arbitraje* for registration.

After intense intimidation and harassment by Matamoros Garment management and representatives of the CTM "Francisco Villa" union, which claims to have a contract with the company, workers learned five days later that PUMA, the largest manufacturer in the factory, had pulled all its production. Workers state that they have no knowledge of the contract between the CTM "Francisco Villa" union and Matamoros Garment, and the

## --REDACTED--

union has refused to produce a copy of the contract. We can only conclude that this contract is an example of the infamous “protection contracts” that are widely acknowledged as a serious problem in labor relations in Mexico.

An international campaign to pressure PUMA to return orders to Matamoros Garment began immediately, and on February 26, the European non-governmental organization Clean Clothes Campaign reported that PUMA had agreed to renew contracting production with Matamoros Garment, and to support the freedom of association of the Matamoros Garment workers. PUMA also agreed that they would ask Matamoros Garment to open their doors to independent monitoring of the company’s compliance with Puma’s code of conduct and national and international law.

In late March, in spite of many international demands made of the local governments of Izúcar de Matamoros, the State of Puebla, the *Junta Local de Conciliación y Arbitraje*, the Ministry of Labor in Mexico City, and the Embassies and Consulates of Mexico abroad, the Puebla *Junta Local de Conciliación y Arbitraje* illegally denied the application for *registro* submitted by SITEMAG.

The reasons given for the denial were the following:

[REDACTED]

- A second petition was submitted, but the purpose for the petition was missing.
- The [REDACTED] of organization did not sign the second letter.
- SITEMAG failed to prove the union advocates were over fourteen years of age.
- Matamoros Garment was closed (actually, the factory was on temporary shutdown [*paro técnico*]) on the very same day the *Junta Local de Conciliación y Arbitraje* had to grant or deny the *registro*, and the law requires the factory to be open for there to be a union.

On Monday, March 24, the *Junta Local de Conciliación y Arbitraje* held a meeting with [REDACTED], a representative of the CTM “Francisco Villa” union. The labor representative on the Puebla *Junta Local de Conciliación y Arbitraje* is Jose Ignacio Sánchez, a representative of the FROC-CROC. The FROC-CROC and the CTM are both part of the *Congreso del Trabajo* (CT), the larger organization to which most of the “official unions” of Mexico belong. None of the “official unions” of the *Congreso del Trabajo* look favorably on independent unions, but rather see them as a threat to their continued dominance of the labor movement.

This leads USAS to believe that the decision of the *Junta Local de Conciliación y Arbitraje* was made in collusion with the CTM “Francisco Villa” union, and that it illegally violated the workers’ right to freedom of association at Matamoros Garment. In addition, we are aware that the agreement of Matamoros Garment management and the CTM “Francisco Villa” union to call a “technical work stoppage” at Matamoros Garment is illegal without certain prior notice and proof of financial necessity.

## --REDACTED--

We would like to call your attention to the below excerpt from the North American Agreement on Labor Cooperation, Part Two, Article Five: "Procedural Guarantees", Paragraph 4: **"Each Party shall ensure that tribunals that conduct or review such proceedings are impartial and independent and do not have any substantial interest in the outcome of the matter."** This obligation has clearly been violated in this case. On the issue of union registration, the US NAO has already addressed this matter in the Public Submission No. 94003 (SONY), finding that the *Junta Local de Conciliación y Arbitraje* should have assisted the independent union leaders in correcting the technical deficiencies in the registration request, rather than using them as a pretext for denying the application for the *registro*.

On these grounds, USAS asks that the *Junta Local de Conciliación y Arbitraje* reconsider their denial of the application for registration of SITEMAG, and ask for it to be refilled assisting the applicants with the correction of the technical deficiencies as is their obligation. If the decision to deny the *registro* is not reversed, it is the intention of USAS to file a complaint to the National Administrative Office of the North American Agreement on Labor Cooperation (NAALC).

**The unjust and illegal denial of independent union registration by labor authorities on minor technicalities, and the lack of impartial and transparent procedures by labor authorities, has long been recognized as a serious problem, effectively denying freedom of association to Mexican workers, in violation of Mexico's Constitution, international conventions that Mexico has ratified and that have the force of national law, and Mexico's Federal Labor Law.**

USAS has detailed knowledge of two other cases in the past two years that demonstrate this pattern of illegal practices by Mexico's labor authorities. In 2002, the Coahuila *Junta Local de Conciliación y Arbitraje* denied the application for an independent union *registro* filed by workers of Alcoa Fujikura in Piedras Negras, Coahuila. In 2001, the Puebla *Junta Local de Conciliación y Arbitraje* denied the application for an independent union *registro* filed by workers of Kukdong in Atlixco, Puebla. Public Submission 94003 to the US NAO of the NAALC demonstrates the same pattern of practices in the SONY case, and the US NAO found the denial of applications by independent unions for *registros* to be a very serious problem in Mexico. The denial of the SITEMAG *registro* Garment is another example of this pattern of behavior.

We call on you, President Fox and Secretary Abascal, to ensure that the Governor of Puebla is made keenly aware of these issues, and that he intervenes with the Puebla labor authorities to see that justice is done in this case.

Regards,

United Students Against Sweatshops

**--REDACTED--**

**Appendix J.** Acta Constitutiva del Sindicato Independiente de Trabajadores de la Empresa Matamoros Garment, S.A. de C.V. (Attached)

**Appendix K.** Letter from SITEMAG to Junta Local de Conciliación y Arbitraje requesting a registro for their independent union. (Attached)

**Appendix L.** Puebla Junta Local de Conciliación y Arbitraje's denial of SITEMAG's registro. (Attached)

**Appendix M.** [REDACTED] testimony [REDACTED] to Procuraduria General de Justicia del Estado, Agencia del Ministerio Publico Investigador para Izúcar de Matamoros, Puebla. Testimony regarding twelve men who had been following [REDACTED] and other harassment. (Attached)

**Appendix N.** Allegation of [REDACTED] made by [REDACTED] against Matamoros Garment [REDACTED] to Procuraduria General de Justicia del Estado, Agencia del Ministerio Publico Investigador para Izúcar de Matamoros, Puebla. Includes 59 signatures of workers that were currently employed at Matamoros Garment as of March 24, 2003, supporting legal allegations against [REDACTED]. Submitted to Procuraduria General de Justicia del Estado, Agencia del Ministerio Publico Investigador para Izúcar de Matamoros, Puebla. (Attached)

**Appendix O.** Proof of wage payments.  
The daily minimum professional wages in pesos for seamstresses/sewers, approved by resolution of the Council of Representatives of the National Minimal Wage Commission, and published in the Official Gazette of the Federation on December 26, 2002. In effect as of January 1st, 2003:

[REDACTED]

All municipalities in Puebla are in Zone [REDACTED]. (Attached)

Appendix P. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**--REDACTED--**

