

# Labor & Trade: Is Mexico Ready for USMCA's Labor Chapter?



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# Main Features: Labor Dispute Settlement

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# Labor Conflicts

- **Private Person Submissions**
  - Person via Contact Point
- **Panel under Chapter 31**
  - Consultations: State-to-State
  - **Scope:** Labor Chapter Provisions & All Sectors
- **Rapid Labor Response Mechanism**
  - **Scope:** Collective Labor Rights & Priority Sectors
  - Consultations; and/or
  - Expansion of Claims\*

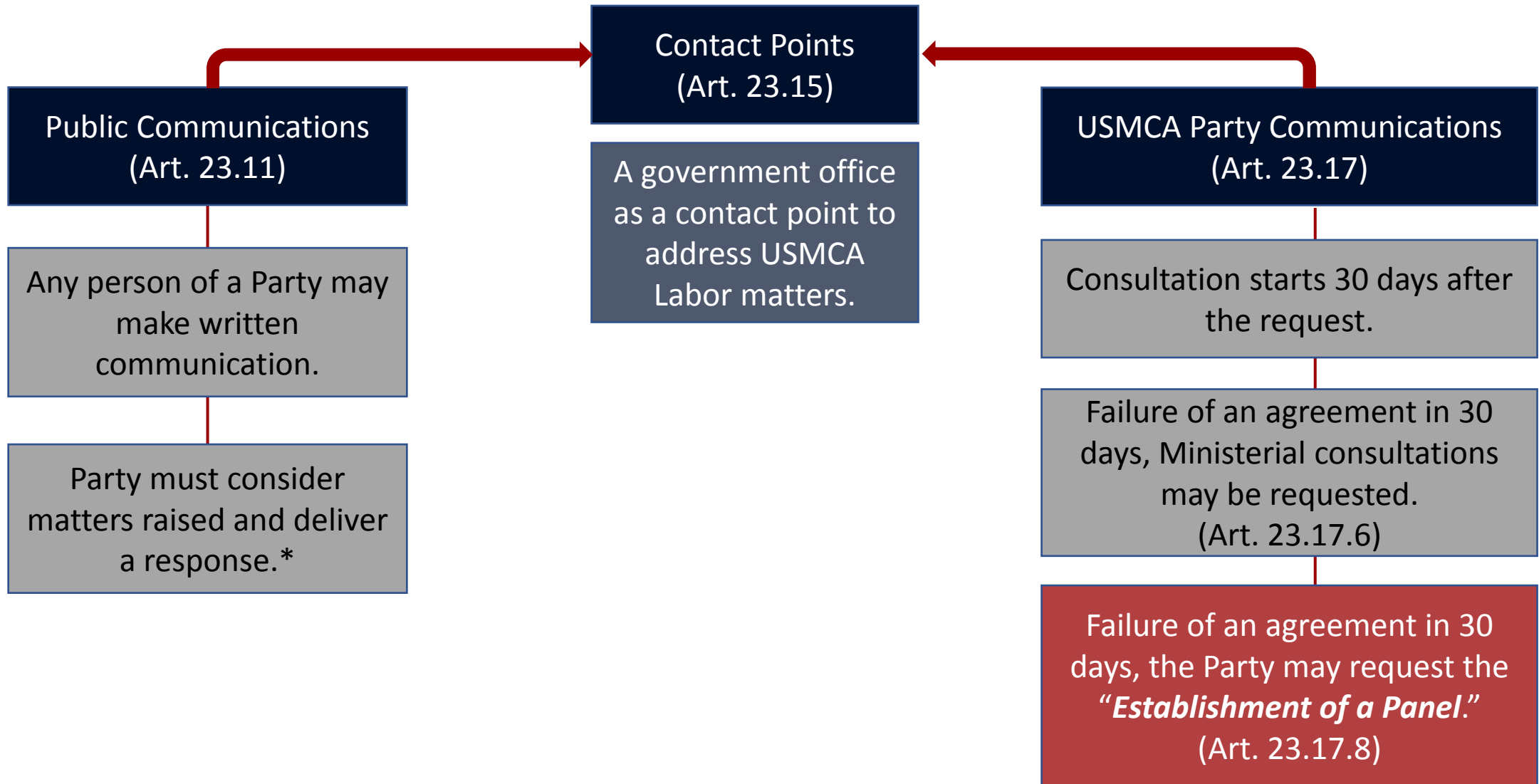
# Consultations & Private Persons Submissions

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# Rapid Response Labor Mechanism

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# Specific-Facility Rapid Response Labor Mechanism (Annex 31-A.1)

## Covered Facility

### Goods/Services

**[Outbound]**

(i) produces a **good** or supplies a **service** traded between the Parties; or

**[Inbound]**

(ii) produces a **good** or supplies a **service** that **competes** in the territory of a Party with a good or a service of the other Party,

### Priority Sectors

A sector that:

- (1) produces manufactured goods,
- (2) supplies services, or
- (3) involves mining.

Manufactured goods include, but are not limited to products and components:

- (1) aerospace, (2) cars and auto parts, (3) cosmetic products, (4) baked industrial goods, (5) steel and aluminum, (6) glass, (7) ceramics, (8) plastic, (9) forgings, and (10) cement.

## Scope (Art. 31—A.2)

**The right of workers to:** (1) collective bargaining or protection; (2) organize, form, and join the union of their choice, **Prohibit** (3) employer domination or interference in union activities, (4) union discrimination, (5) coercion against workers for union activity or support, and (5) refusal to bargain collectively with the duly recognized union.

Independent and impartial bodies to register union elections and resolve disputes

**Effective and Verifiable** union "election" system (personal, free, and secret vote)

## Labor Rights

Denial of Rights of **free association** and **collective bargaining** under laws.

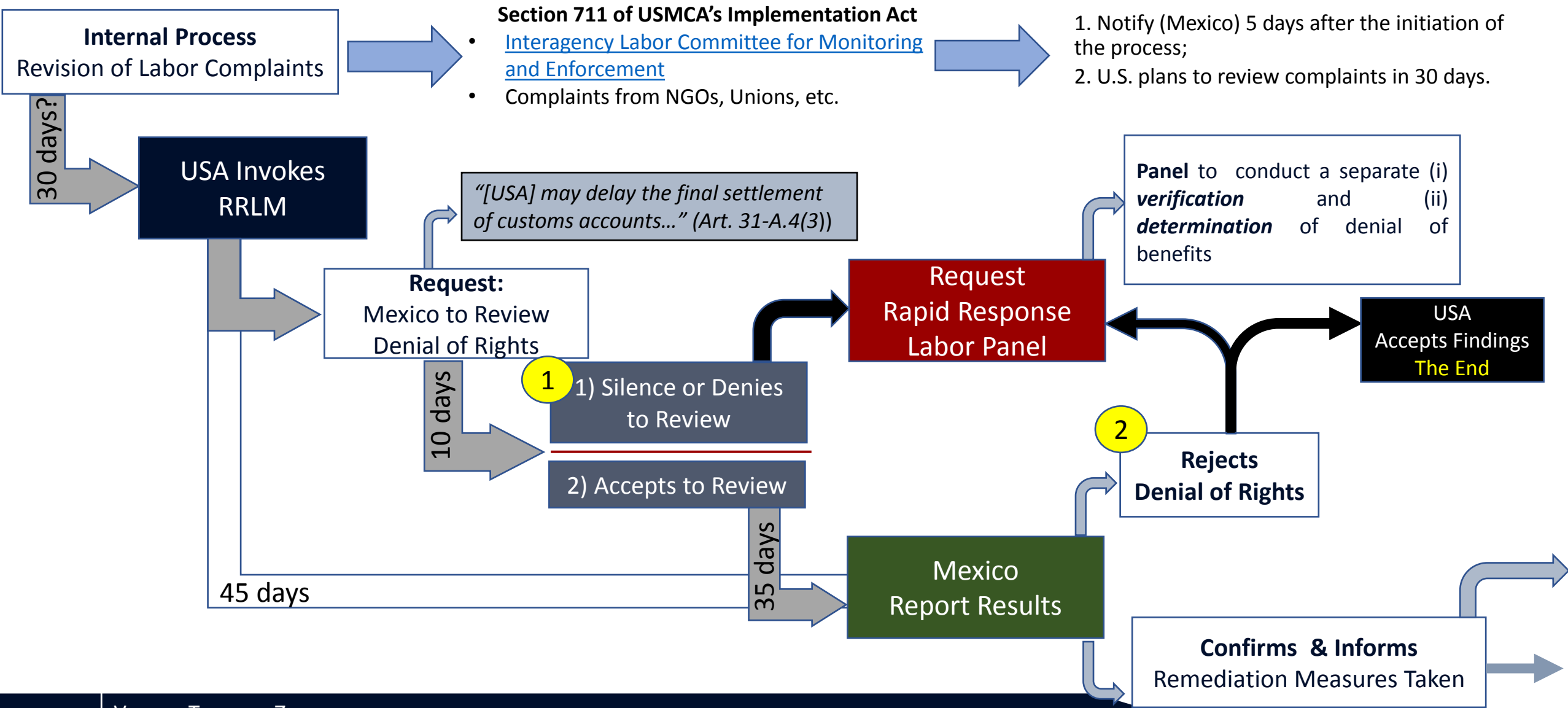
**Mexico**  
Legislation that complies with **Annex 23-A** (Worker Representation in Collective Bargaining in Mexico).

Union representation challenges are carried out by the Labor Courts.

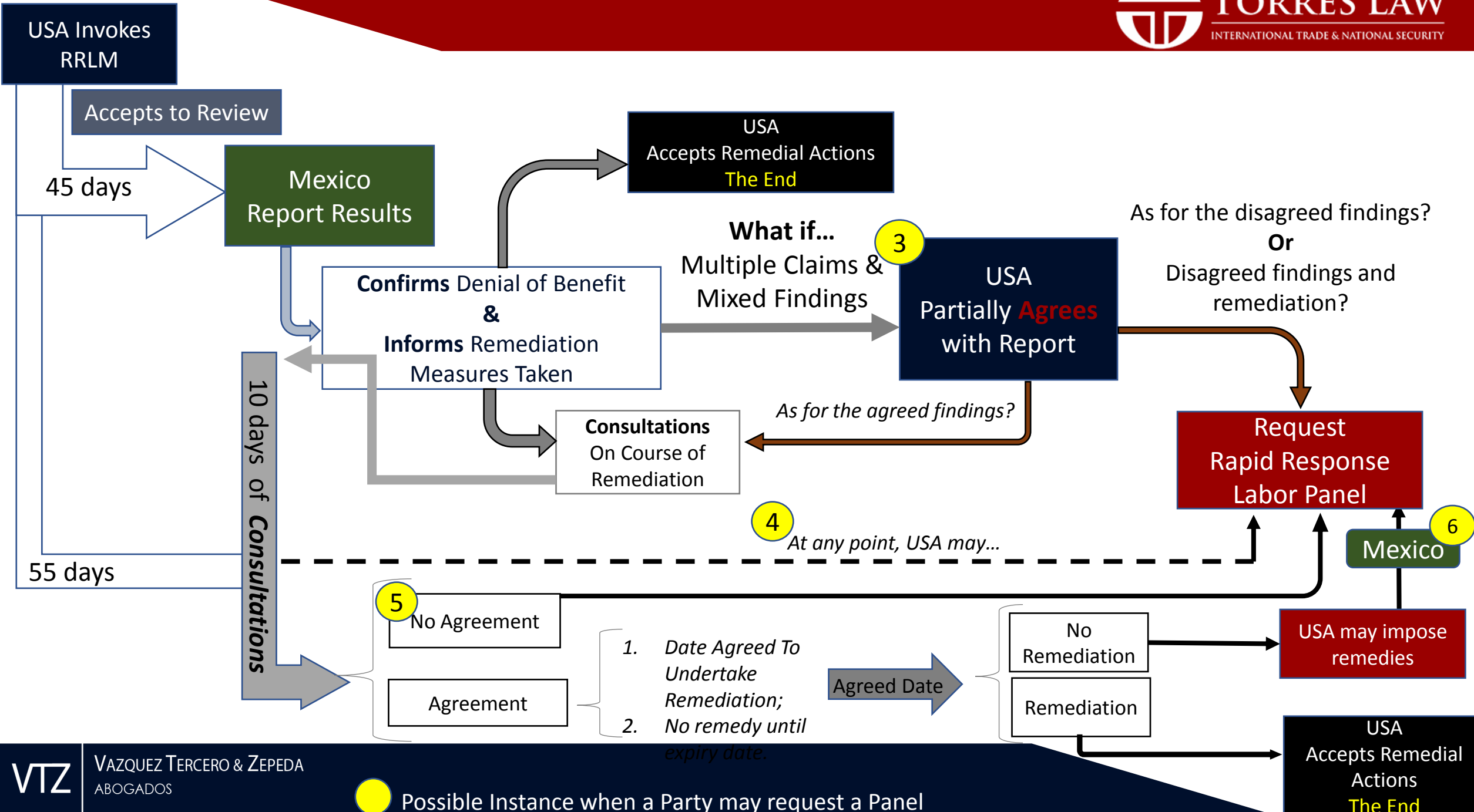
When registering an **Initial** Collective Bargaining Agreement, verification that (1) worksite is operational, (2) workers aware of agreement prior vote, (3) majority support

Periodic revisions of Collective Bargaining Agreements

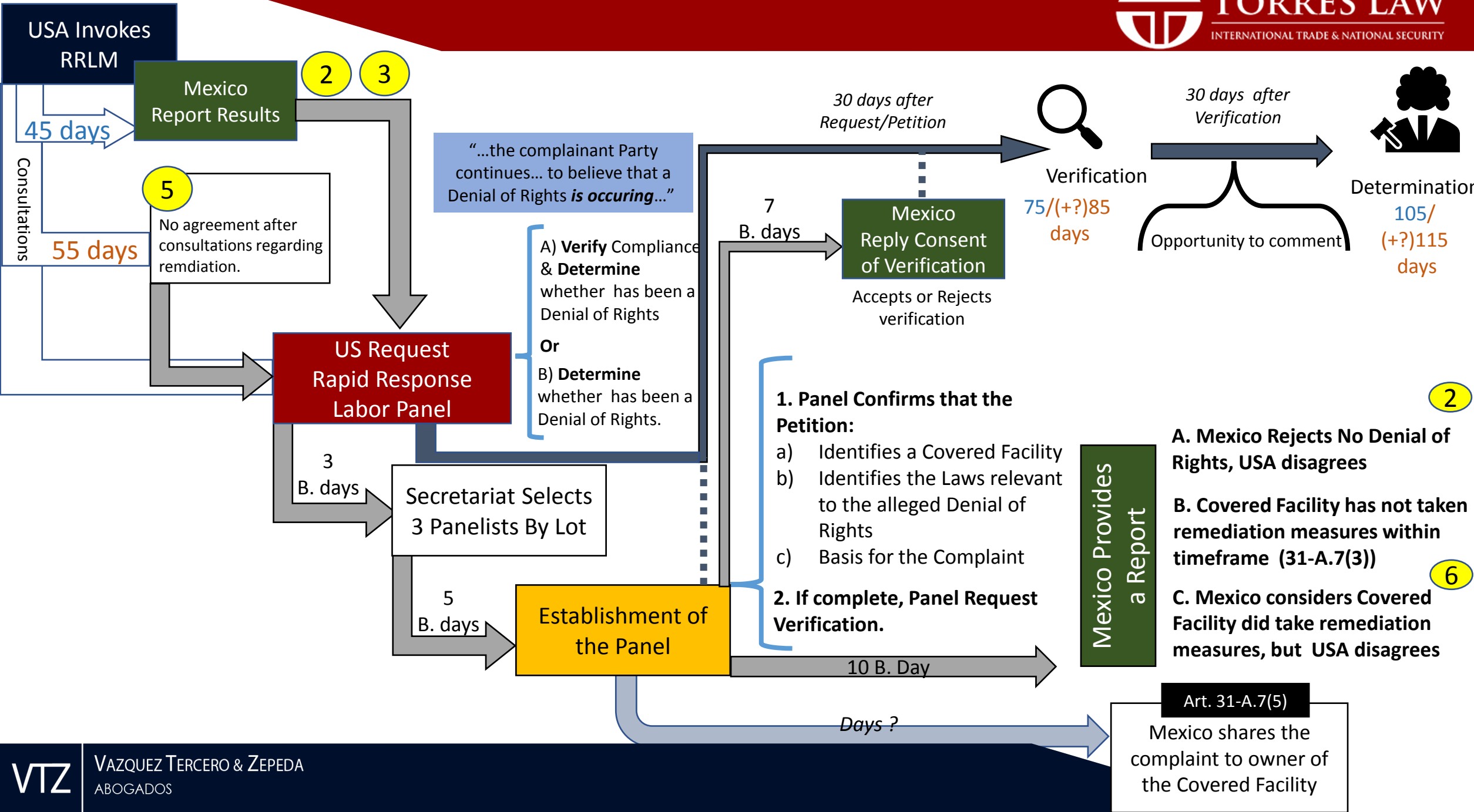








● Possible Instance when a Party may request a Panel





Determination  
105/(+?)115 days

**3 Scenarios**

- A. CF\* 1st Occasion:** Suspension of Tariff Preferences; or penalties on goods/services of CF
- B. CF\* 2nd Occasion:** Suspension of Tariff Preferences; or penalties on goods/services
- C. CF\* 3rd Occasion:** Suspension of Tariff Preferences; penalties on goods/services; or denial of entry of goods

USA Notifies  
Intent of  
Remedies

5  
Days

Remedies

Remedies

Denial of Rights  
Remediated

Consultations

Remediation and  
Removal of  
Remedies

Mexico  
Considers Denial of  
Rights Remediated

Panel Request to  
Review

If Panel Finds that Denial of Rights Has Not  
Benn Remediated, Mexico cannot request  
another determination in 180 days



# Dispute Settlement

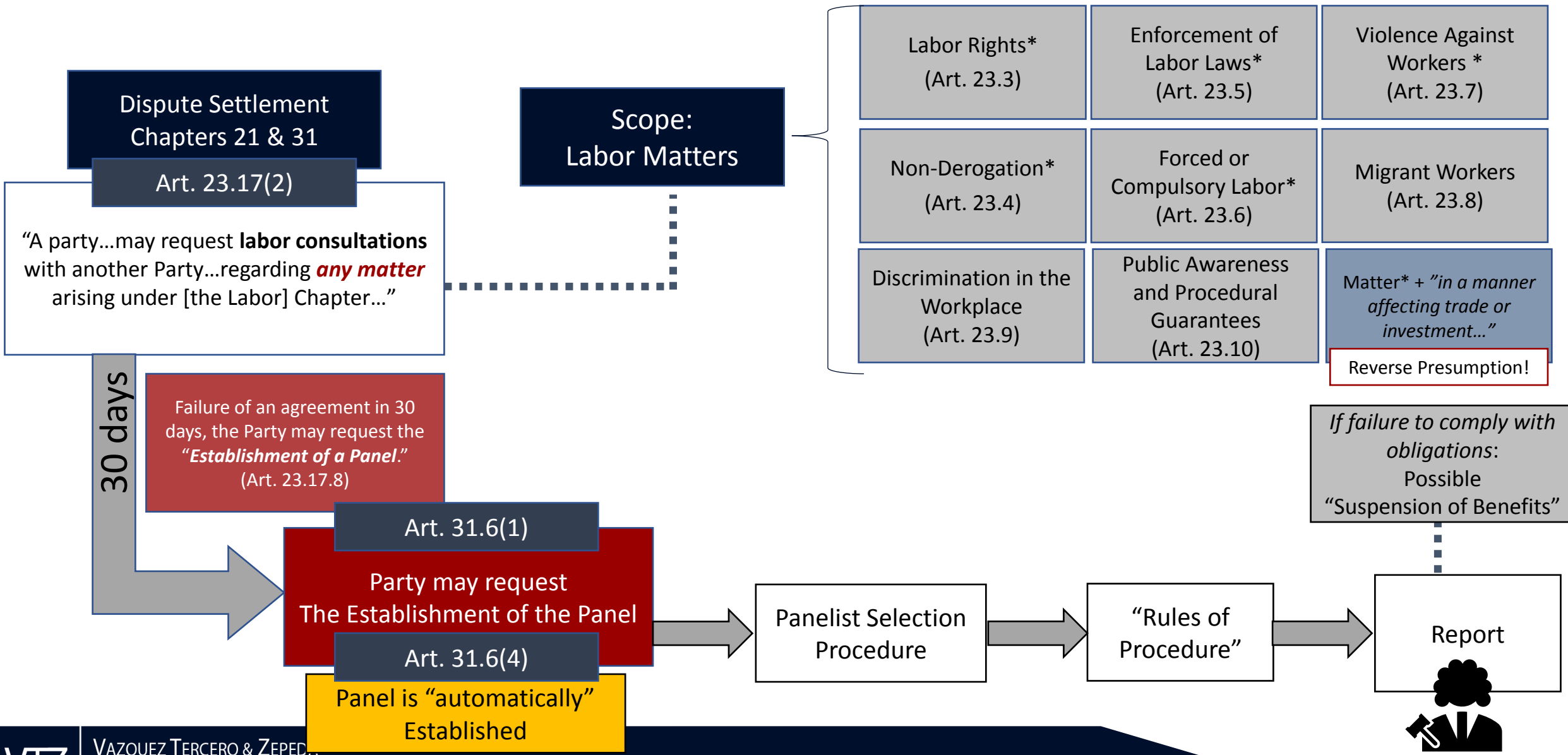
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# Expansion of Claims

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## Expansion of Claims



Art. 31-A.12

If a Dispute Settlement Panel under Chapter 31 finds that one of the Parties breached:

Labor Rights\*  
(Art. 23.3)

Or

Enforcement of Labor  
Laws\*  
(Art. 23.5)

The complainant Party “may use the **[Rapid Response Labor Mechanism]** with regard to the relevant law or laws at issue in that dispute for a period of two years or until the conclusion of the next joint review...”

Thank you

Emilio Arteaga Vázquez, LL.M.  
Jr. Partner at VTZ  
[emilio@vtz.mx](mailto:emilio@vtz.mx)

Attny. Olga Torres  
Managing Partner at Torres Law  
[olga@torrestradelaw.com](mailto:olga@torrestradelaw.com)