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**COMPANY
MONITOR**

AKZO NOBEL IN MEXICO
2003, June

1. Profile of Akzo Nobel

Akzo Nobel's Presence in Mexico

The various facilities of Akzo Nobel in Mexico belong to three product groups: Pharmaceuticals, Coatings, and Chemicals. The Pharmaceuticals group is comprised of three Business Units (BUs) active in Mexico: Diosynth, Intervet and Organon. The Chemicals group is basically represented by Polymer Chemicals in Mexico. The Coatings group (represented with the BU Industrial Coatings) located in Monterrey, Nuevo Leon, could not be included in the research because of delayed responses from this group's administrators.

There is no general corporate policy that covers all of Akzo's divisions. The BUs pretty much operate as autonomous companies. However, there is a corporate Code of Conduct that was in the process of being translated into Spanish at the time of the research.

Investigated Plants

The four companies listed below were investigated.¹

Enterprise	Business Unit (BU)	Division
Química Estereoidal, San Juan Ixhuatepec, Estado de Mexico	Diosynth	Pharma
Interveterinaria, Santiago Tianguistenco y Santa Clara, Estado de Mexico	Intervet	Pharma
Organon Mexicana, Atzacapotzalco, Mexico DF	Organon	Pharma
Akzo Nobel Chemicals, Los Reyes la Paz, Estado de Mexico	Polymer Chemicals	Chemicals

Presence in the Country

Química Estereoidal (Diosynth)

Química Estereoidal is a 50-year old company located in the San Juan Ixhuatepec in Tlalnepantla, Estado de Mexico, on the outskirts of Mexico City. It produces steroids and non-steroids for the pharmaceutical industry. Production levels are planned at the BU level. Quimica Estereoidal belongs to the BU Diosynth and imports all of its raw materials from the Netherlands and re-exports virtually all of its finished products back to the Netherlands. Less than 1% (0.4%) of total production is sold to local laboratories.

There are no similar plants of its kind in Mexico and its main competitors on a global scale are plants from the same Diosynth group located in Brazil, Scotland, and India, and the subsidiaries of other corporations located in China and Korea. Because the corporation² sets production levels per country, there is always some uncertainty about quota, and Quimica Estereoidal's management consistently faces the problem of keeping the enterprise afloat during production declines so that it can continue to maintain a competitive position in new cycles. Technicians are kept on as long as possible (they are the last to be laid off) because the production process is highly specialised and the intensive training programmes are expensive.

Interveterinaria (Intervet)

The Intervet group is registered as two companies, Interveterinaria SA de CV and Intervet SA de CV. Interveterinaria takes care of outsourcing and contract services while the older Intervet, handles the production processes at three sites in Estado de Mexico:

- Intervet Interlomas at Huixquilucan, sales and technical advice;

¹ In the original report these four companies are described separately and only the conclusions that were cogent to the Akzo Nobel group were integrated. In this summary, information concerning the four companies is combined in sections on labour relations, labour conditions, reorganisation, human rights, and the environment.

² In the descriptions of the enterprises and the corporation, the latter refers to the Business Unit of each enterprise.

- at Santiago Tianguistenco, production plant and outsourcing services;
- at Santa Clara, a production plant.

Some 80% of Intervet Mexico's activities are focused on veterinary products for poultry (Intervet Italia specialises in cattle-related products while the US division manufactures products for smaller species). Products are mainly destined for Europe, the US, and Central America. Intervet supplies some 40% of the antibiotics and anti-parasites market internationally.

Organon Mexicana

Organon has a plant in Mexico at Azcapotzalco in Mexico City and commercial outlets across the whole country. It is comprised of 100% Dutch investment. Organon has its BU headquarters in West Orange, New Jersey and the business group is represented in 20 countries. Organon Mexico produces pharmaceuticals, mainly hormone therapies and (anti)conception medicines, and is the market leader for various products. Its major clients are mostly large pharmaceutical distributors such as Autrey, Saba, and Marsan. 80% of its imports of raw materials come through Diosynth from the Netherlands,³ the other 20% are supplied by other European Union countries.

Akzo Nobel Chemicals

The company has one plant at Los Reyes la Paz, Estado de Mexico. Its annual production dropped with 22% 2000 and 2001. Akzo Nobel Chemicals is seeking to adapt to the economic globalisation context by increasing its production levels and its quality, and expanding toward the US market. Continuous improvements in the administrative and production divisions are highly valued.

Employment

Química Estereoidal (Diosynth)

In 2002, Química Estereoidal employed 196 workers, (150 men of which 110 were union members). Cleaning and security services are subcontracted, while catering and maintenance workers are employed directly. Outplacement is not used.

Interveterinaria (Intervet)

The only data provided about employment is that the unit at Santiago Tianguistenco had 62 union workers of which 38 were women.⁴

Organon Mexicana

The number of employees has gradually increased from 177 in 1997 to 292 in 2002. But another source quotes a figure of over 300 workers in the period 1999-2001. The majority of staff seems to work in the sales department.

Akzo Nobel Chemicals

According to management, Akzo has 184 employees. Half of them (92) are union members; all 18 female employees are union members. However, trade union data count 95 union members — all men — out of a total workforce of 203 employees.

³ This construction may be advantageous for Akzo Nobel because of the fiscal discount offered by the PITEX re-exportation programme for Química Estereoidal.

⁴ The Mexican Business Information System at <<http://www.siem.gob.mx>> notes a total of 266 employees for Santiago Tianguistenco and 46 for Santa Clara, but it is not known how recent this data is.

Profits

Química Estereoidal (Diosynth)

Profits were not reported and Química Estereoidal was reluctant to provide precise figures concerning production levels and transfer prices.

Interveterinaria (Intervet)

The Santiago Tianguistenco plant has seen a steady rise in turnover from 147 million pesos in 1997 to 547 in 2001. Profits for these years were 47 million pesos in 2001, 8 million in 1999 and around 35 million in 1997, 1998 and 2000. The Santa Clara plant realised a turnover of 24 million pesos in 2000 and 78 million in 2001; data for earlier years were not available. Corresponding profits were 0.6 and 2.4 million respectively.

Organon Mexicana

Turnover was reported at 250 million pesos in 1998 and 468 million in 2000. Profits during these two years amounted to 24 million and 82 million, respectively. Profit sharing was 3.5 million pesos in 1999; 8.4 million in 2000 (just over 10% of taxed profits) and 13.5 million in 2001.

Akzo Nobel Chemicals

Turnover rose from 202 million pesos in 1997 to 295 million in 1999 and fell to 207 million in 2001. Profits were between 7 and 9 million pesos during 1997-1999, but thereafter dropped along with production levels to just below 5 million pesos.

Management Structure

The Relationship between National Management & Corporate Management at the Business Unit (Corporate) Level

Química Estereoidal (Diosynth)

Local and the corporate (BU) management are in close communication concerning production issues, maintenance and planning of production levels. Química Estereoidal remains totally dependent on the decisions made at the corporate level concerning administration and financial issues. Policies concerning working methods, labour relations, and community relations are decided on the national level. Issues such as innovation of production systems and introduction of new technologies take the ideas of employees on the work floor into account. Decisions concerning investment policy, environment, production strategies, employment and wage policies, and supervision of the corporate code of ethics are made at the corporate level.

Interveterinaria (Intervet)

Intervet maintains strong ties with the corporation and meeting results are reported monthly. Decisions concerning investment policy and location enterprises, stocks, product types and the appointment of upper management staff are made at the corporate level. Decisions concerning all other issues, including marketing strategies, administration style, employment and wage policy, production methods, supervision of the code of ethics and environmental policy, are made at the national level.

In 1999, Intervet acquired a larger company, Hoechst Roussel Vet. Some changes in the company's management were made after the merger. The GMP manuals for "Good

Manufactory Practices” are applied and personal development is promoted, establishing a mission and organisational climate of leadership, innovation, and teamwork.

Organon Mexicana

The corporation maintains tight control over the marketing strategies, upper-level staff appointments, and wage policy.

Some developments at Organon over the past 5 years include:

- a significant rise in sales;
- a shift in management focus towards human resources;
- implementation of a security system;
- technical reform;
- a new philosophy of participation and success;
- an increase in wages, especially in profit-sharing payments.

Strategy: The enterprise continues to seek to expand its market share for specialised products through strategic personal development plans for its sales personnel. Leadership, personal responsibility, and teamwork are stimulated and rewarded. Organon makes large efforts to promote cohesion and identification of its employees to the company. It reports that employee motivation levels are high because of the important increases in remunerative incentives.

Akzo Nobel Chemicals

Akzo Nobel Chemicals maintains strong ties with the corporation. Local strategies are based on the Global Business Team’s guidelines. The Global Business Team makes corporate decisions while the local board executes them. The Integrated Administration System establishes a series of norms for customer relations, the environment, government relations, etc. Decisions concerning investment policy, development plans, products and production systems, the introduction of new technologies, marketing strategies, and the appointment of upper-level staff are all made at corporate level. Most of the remaining issues, including labour relations, employment and wage policy, information strategies, and the supervision of the code of conduct and code of ethics may be dealt with at either the corporate or the national level. Subcontracting policies are the only policies that are exclusively determined at the national level.

Subcontracting Policy

Interveterinaria (Intervet)

After its merger with Hoechst Roussel Vet, the company created a new company (Interveterinaria SA de CV) that focused on the subcontracting of personnel administration services. The main disadvantage for subcontracted employees is that they receive no profit sharing because this new company does not generate profits. Intervet also subcontracts maintenance, security, gardening, and cleaning services. The benefits package for these employees is inferior to those of Intervet employees.

Involvement of the Company in Community and/or Environmental Programmes

Química Estereoidal (Diosynth)

Química Estereoidal’s central issues for community involvement are youth and basic education and Química Estereoidal donates materials to various schools in the neighbourhood of San Juan Ixhuatepec. The aid is channeled through the *Consejo Ciudadano* (Civil Council), an organisation that is part of the PAN (*Partido de Acción Nacional*) and the municipality. The trade union does not participate in these activities.

Interveterinaria (Intervet)

Intervet did not report its specific social policies and community involvement.

Organon Mexicana

Organon organises various events and supports activities related to Mexican traditions. Annual donations are presented to Casa Mexico, an organisation for disadvantaged young people.

Akzo Nobel Chemicals

Akzo Nobel Chemicals' community involvement, focuses on donations to schools in the region, the fire department, the Red Cross, and the Municipality. Education donations have the highest priority and are facilitated through various parents' associations. The trade union does not participate in these programmes.

Trade Union

Química Estereoidal (Diosynth)

Química Estereoidal's trade union is the Union of Workers and Agents of Laboratories and Similar enterprises of the Mexican Republic. The union is a member of the Confederation of Workers and Peasants (CTC) and the Mexican Labour Confederation (COM) and claims to represent 40 to 50% of the pharmaceutical industry's employees.

The union presented to the researcher the Collective Labour Contract ("*Contracto Colectivo de Trabajo*", CCT) along with other agreements and the wage table, but not the charter of the union. The union has four delegates, one from each shift, and an advisor, who makes frequent visits to the plant to keep in touch with the membership. The advisor performs most of the trade union work such as the registration of agreements, and the CCT. The union has four commissions: Profit sharing, Contracts revisions, Safety and Hygiene, and Productivity. Women currently do not participate in trade union activities.

Conflicts: A recent conflict between the CTC and the Revolutionary Confederation of Mexican Labourers (CROM) involved CCT titularity⁵. The CROM was the contracting partner of Química Estereoidal to sign the CCT until they lost their position to the CTC/COM in 1996. The CROM tried to contest the CCT's titularity in 1998 and again in 2000. Química Estereoidal helped the CTC/COM trade union because "the CROM tried to regain CCT titularity by illegal and demagogic means". The view of CTC/COM is that the CROM's intentions were manipulated from outside and were contrary to the employees' best interests. In fact, both the CROM and the CTC are known for their gangster-like tactics for controlling various organisations. After the dispute in 2000, 30 employees were fired under the exclusion clause⁶ (about 15% of the total workforce) because of the rivalry between the two unions.

⁵ Mexico has a unique tradition of labour relations, which is often called "protective unionism". Under this system a Collective Labour Contract ("*Contracto Colectivo de Trabajo*", CCT) is negotiated with the company and signed by a protective trade union (without consultation of the employees). Sometimes conflicts over CCT titularity occur between different trade unions when one union challenges the role that another union may play as the negotiating and contracting representative. It is attractive for a union to be the contracting representative, because, in exchange for a compliant membership and the signing of a CCT favourable to employers, companies reward trade unions with a percentage of company profits or a percentage of the amount of money they save via contracts that erode workers' rights. (Addition SOMO.)

⁶ Under Federal Labour Law of Mexico ("*Ley Federal del Trabajo*", LFT) trade unions and employers often agree to allow the dismissal of any employees that renounce or quit the trade union. This is known as an

Interveterinaria (Intervet)

The outsourcing company, Interveterinaria SA de CV, located in Santiago Tianguistenco has signed a CCT with the National Union's Association for Workers of Laboratories, Chemical Products, Pharmaceuticals and Similar and Related enterprises of the Mexican Republic. This union is affiliated with the CTM. The secretary-general visits the company two or three times per year and does not have a deep understanding of production processes. Two union delegates in the Santiago Tianguistenco plant handle union activities. They could not be interviewed either because the secretary-general suspiciously prohibited them from being interviewed. This kind of response by a trade union puts the entire issue of workers rights and liberties supposedly guaranteed by the corporation, in doubt. Details of the trade union's charter and internal election procedures remain a mystery. Intervet's CCT has an exclusion clause.

Intervet deducts 1% of an employee's wage for union dues. Intervet confirms that workers are allowed to meet freely and without authorisation, "usually in the canteen." A different trade union represents the Hoechst units, but Intervet refused to provide adequate information this union, despite numerous attempts to contact the union. During the research it was discovered that this union, representing the Hoechst units, and Intervet were in collective negotiations.

Although there have been no legal actions against Intervet over the past five years, some conflicts and important changes have been reported. Ten years ago, a dispute concerning CCT titularity, was resolved in favour of the representative trade union. In 1999, union delegates were elected (for the first time, it appears) and commissions were formed among the most active employees. In 2000, a strike action was planned to protest against an authoritarian plant supervisor. Workers collected signatures to have him removed. At that time there was no agreement between Intervet and the trade union concerning wage classifications.

Organon Mexicana

The Organon Mexicana workers are represented by the National Union for Workers and Employees of Chemical and Pharmaceutical Plants and Laboratories and Similar and Related Industries (SNTEFLQFISC). It is affiliated with the CTM. Organon Mexicana has a Collective Labour Contract (CCT), but most employees do not know it exists. They also have no idea who its secretary-general or its representative during collective bargaining negotiations are. They have never visited the plant. As a consequence, Organon Mexicana's employees are not members of this trade union and, of course, do not pay membership dues. This is a classic example of a protective trade union that is dependent on the company for its financial survival. It is simply considered "unnecessary" for employees to know who their trade union representatives are or to participate in its activities. When two representatives of the employees, not chosen in any way by the employees themselves, sign the CCT it is just a formality. The CCT includes an exclusion clause. Organon's labour relations are a classic example of Mexican-style protective unionism.

"exclusion clause". In Mexico, such clauses can be inserted in Collective Labour Contracts. An exclusion clause states that the company is obliged to employ only workers that are members of the contracting group. Ceasing to belong to this group for any reason is justified cause for the dismissal of any worker, and therefore obliges the enterprise to execute the separations that are ordered by the union as soon as a written request is produced. The exclusion clause is meant to hamper the foundation of new unions and the affiliation of employees with other unions (addition SOMO).

The information concerning representation of the workers that was collected from Organon contradicted the information that was presented by the workers themselves. The information was presented by four employees from four different divisions. Their general view was fairly similar. They didn't think much of their supposed rights. Human Resources Management uses the concept of "workers representatives" to mean those entrusted with informing Organon about workers' issues.

Organon, like Intervet, installed a Mixed Commission for Productivity and Quality, in line with the National Agreement for the Increase of Production and Quality. Employees participate in two elected 5-member commissions that deal with profit sharing and a savings fund and a 7-member Mixed Commission for Safety and Hygiene. However, workers noted that Organon set the conditions for the way these commissions function. Workers have no access to information and advice. For example, profit sharing used to be equally divided among all of the employees, but now employees in higher positions receive a larger share of the profits. The commission had no available figures about how this fund was distributed in 2001, for instance.

Workers meetings are only permitted in the presence of the company supervisor and someone from human resources management. When some workers were dissatisfied with a change in the work schedule they expressed their discontent and a meeting was organised. There seemed to be an new open and direct vote, but those that were against the change did not dare to raise their hand because of the presence of the bosses.

Conflicts: No labour conflicts were reported, but workers thought that some employees were dismissed because of their outspoken opinions or actions.

Although collective bargaining negotiations are very restricted, Organon respects practically all guidelines of the Federal Labour Law ("*Ley Federal del Trabajo*", LFT) LFT and the Social Security Law; the CCT is, in fact, based on them. Actually, some of Organon's conditions and benefits are superior to those mandated by Mexican law and the CCT.

Akzo Nobel Chemicals

Akzo Nobel Chemicals' employees are represented by the Revolutionary Union of Workers of the Chemical Industry, Similar and Related enterprises of the Mexican Republic. It is a member of the Confederation of Democratic Workers (CTD) and the National Union of Workers (UNT). The secretary-general works as an employee for Akzo Nobel Chemicals, while the workers are represented by four union delegates who serve terms of unlimited duration. When a delegate quits, a successor is elected by a "referendum". Akzo's workers participate in a Mixed Commission for Safety and Hygiene and commissions for sports, cultural events, and vigilance.

Conflicts: There are no recent conflicts to report between the employees, the trade union, and/or Akzo. Conflicts have arisen, however, between the various trade unions over CCT titularity. Conflicts over CCT titularity occurred 10 years ago between Akzo's trade union and the Progressive Union of Workers of the Chemical Industry and another 3 years ago between Akzo's trade union and the National Union of Petrochemical Workers. Akzo Nobel Chemicals' management did not intervene in these disputes.

Table: Summary of the characteristics of the trade unions involved

Enterprise	Labour relations	Trade union membership
Akzo Nobel group		
Química Estereoidal	Protective	CTC & COM (Mexican Labour Confederation), previously CROM
Intervet	Transition towards democracy	CTM
Organon	Protective	CTM
Akzo Nobel Chemicals	Democratic	CTD (Confederation of Democratic Workers) & UNT (National Union of Workers)

2. Labour Relations

Freedom of Association

- ILO Convention 87 (protection of unions) ratified 01-04-1950
- ILO Convention 135 (employee representatives) ratified 02-05-1974

Relevant LFT articles include 356, 385, 648 and 682-A. Workers have the right to form unions without employer authorisation. Unions have the right to write their own charters and regulations, are free to choose their own representatives and organise their own administration and activities.

Química Estereoidal (Diosynth)

Química Estereoidal has fairly unstable labour relations because of the ongoing conflicts between the two trade unions. Química Estereoidal invoked its exclusion clause rights when it fired 30 employees in 2000. The trade union has thus far refused to provide a copy of its charter because the Confederation failed to “facilitate” the passing on of this information. The union manages its own internal affairs. Employees have few possibilities to organize themselves. Meanwhile, when asked about this situation, Química Estereoidal officials reacted indignantly.

Interveterinaria (Intervet)

Intervet’s employees have clearly entered a new trajectory of organisation, after a period in which the trade union prevented their active participation. Currently there seems to be a better balance between company and employees in terms of the ability to negotiate. The union only seems to function optimally when the workers raise some kind of grievance. Otherwise, it operates in the classic CTM style of corporate trade unions. There is an exclusion clause in its CCT.

Organon Mexicana

Organon’s workers have yet to exercise their right to freedom of association. They seem to be unaware of their union’s existence. This is a typical example of classic Mexican protective unionism. Organon’s CCT includes an exclusion clause.

Akzo Nobel Chemicals

Akzo Nobel Chemicals does not interfere with union affairs and is open to negotiations. The trade union reports that union activity is free and open and that no pressure is exerted against the union or the employees. The delegates and the secretary-general have free access to the

workplace. They do not need permission from Akzo management to approach employees or arrange meetings at the workplace.

Collective Bargaining and Disclosure of Information

- ILO Convention 98 (collective bargaining) not ratified

Article 357 and further oblige an employer to negotiate a collective contract when unionized workers request to do so. Individual interests should not take precedence over general CCT interests. The amendment of contracts is also a collective undertaking regulated by law.

Mexico has not ratified ILO Convention 98 with the argument that national legislation already sufficiently complies with its contents. However, the main point of contention remains the elimination of the exclusion clause mentioned in the previous section. While Mexican law may go beyond international norms in some respects, the implementation of free and voluntary negotiations remains problematic. Labour organizations continue to pressure unions to limit their negotiations according to the limits of economic policies, which is below fair remuneration levels.

Química Estereoidal (Diosynth)

Química Estereoidal and its trade union have a properly registered CCT. The trade union does not have a regular channel of communication with Química Estereoidal officials. In negotiations they depend almost exclusively on the bureaucracy professionals. A commission *does* meet every two years to address CCT revisions. Important CCT details that have been hammered out include a change in productivity bonuses and a 10% wage increase. Química Estereoidal publishes a quarterly report that provides general information concerning the community, employee sports activities, safety, among other issues. Química Estereoidal information concerning its company strategy and transfer price figures are not disclosed.

Interveterinaria (Intervet)

Intervet's employees recently negotiated a new CCT. In 1999, a new movement of organised labour emerged and in 2000-2001 the employees negotiated an agreement concerning job descriptions and wage classifications as well as amending the CCT. Since July 2002, the director general periodically organises general meetings for all employees to inform them about Intervet's future plans. The objective of these meetings is to generate a consensus between Intervet and its workers when it comes to goals like increased production and sales. Intervet provides "all requested information", but the irony is that the trade union never requests any.

Organon Mexicana

Organon's CCT was negotiated between Organon officials and a legal union representative, who is not known to Organon employees. It was duly signed by the secretary-general, who is also unknown to Organon employees. The signing of the CCT can here be regarded as an individual action, contravening Article 387 of the LFT., which states that modification of the CCT must be a collective action. Organon has an internal publication in which Organon claims to provide sufficient information about company changes. The Organon employees disagree.

Akzo Nobel Chemicals

Akzo Nobel Chemicals pointed out that it provides all requested information to the trade union, that it adequately informs its employees, and that issues are satisfactorily resolved in

work meetings. The trade union seems to be active in all of the issues germane to its members. Both parties agree that there is a sound dialogue. The CCT is respected and periodically revised.

3. Labour Conditions: Basic Rights

Child labour

- | | |
|---|---------------------|
| <input type="checkbox"/> ILO Convention 138 (minimum age) | not ratified |
| <input type="checkbox"/> ILO Convention 182 (worst forms of child labour) | ratified 30-06-2000 |
| <input type="checkbox"/> ILO Convention 90 (night work of children) | ratified 20-06-1956 |

Articles 173-180 of the LFT prohibit the employment of children under 14 years of age. Children 15 or older can work, but a number of qualifications apply. Parental permission is required and night shifts are prohibited. Children under 16 are prohibited from working more than 6 hours per day, working overtime, or working on Sundays. They must receive a minimum of 18 vacation days with pay annually and are accorded special protection. Dangerous work is not permitted. Youth employment should also be accompanied by regular medical examinations and other inspections.

Intervet, Organon, and Akzo Nobel Chemicals do not contract employees under 18 and supervise the minimum age of workers for subcontracting services. Organon requires subcontracting workers to be at least 16. Intervet requires employees of subcontracted services to prove their age with an official IMSS document (the “hoja rosa”). No information for Química Estereoidal was provided concerning this issue.

Forced labour

- | | |
|---|---------------------|
| <input type="checkbox"/> ILO Convention 29 (forced labour) | ratified 12-05-1934 |
| <input type="checkbox"/> ILO Convention 105 (forced labour) | ratified 01-06-1959 |

Article 5 of the Constitution of the United States of Mexico prohibits forced labour. Penalties are regulated by Article 123, sections I and II. Incidences of forced labour have been discovered in other sectors, but not in the (maquiladora) industry covered in this investigation.

Forced labour was not found at either Intervet and Organon. Data concerning Química Estereoidal and Akzo Nobel Chemicals was not available.

Discrimination

- | | |
|--|---------------------|
| <input type="checkbox"/> ILO Convention 100 (equal remuneration) | ratified 23-08-1952 |
| <input type="checkbox"/> ILO Convention 111 (discrimination) | ratified 11-09-1961 |
| <input type="checkbox"/> ILO Convention 107 (indigenous populations) | ratified 05-09-1990 |

Article 123, section VII of the Constitution states that there must be equal pay for equal work, regardless of sex or nationality. Article 164 of the LFT goes on to say that men and women have the same rights and duties, except that women are granted additional maternity-related rights. Legislation is in accordance with all of the relevant conventions, but in practice cultural and social conventions limit the access of women to better paid positions.

All four Akzo Nobel companies comply with remuneration equality guidelines, although some remarks concerning gender differences should be made. Organon's female employees complain that they do not enjoy equal opportunities, because maternity leave is counted as a zero-production period in the computing of productivity bonuses.

Labour conditions: other

Wages

- Ratified ILO Conventions: 26, 95, 99, 131

The LFT deals with this issue in the Third Title, chapters V-VIII. Articles 82-89 of the LFT specify various components of wage payments, such as daily payments, premiums, and bonuses. Payments are required to be made within two weeks. Wages may not be less than the fixed minimum and the notion of a remunerative wage is recognized, in accordance with ILO Conventions. Articles 90-97 fix the minimum wage at a livable wage, or one that provides the basic necessities for a family. Four types minimum wage deduction are recognized, including INFONAVIT repayments⁷ (see housing facilities) and a savings fund deduction.

In reality, purchasing power has been gradually declining since the latter half of the seventies. Studies indicate that the basic livable minimum daily wage in Mexico should be 131.12 pesos per day. Another study stipulates a minimum wage of 158.96 pesos per day to afford a basket of basic goods. In reality, the minimum wage varies between 38.30 and 42.15 pesos. Currently, 10 Mexican pesos is approximately 1 euro or 1 US dollar.

Química Estereoidal (Diosynth)

Química Estereoidal's **lowest wage classification is 98.00 pesos** per day for lowest-level operators and canteen personnel. The highest production division wage is 218.12 pesos per day for a generator operator. Because of the high level of specialisation and skills required, wages for technical operators are higher than the wages for administrative workers at Química Estereoidal. A maximum of 13% of employee wages goes to a savings fund.

Interveterinaria (Intervet)

Intervet has 7 wage classifications for production division employees. The lowest is 60.20 pesos per day for a general helper, with the highest being 155.88 per day for a coordinator. Contract worker wage rates are determined by agreements reached between Intervet, the trade union, and the employees will agree on tariffs.

Organon Mexicana

Organon's lowest wage classification pays 38.93 pesos per day, with the highest being 80.25 pesos per day, according to a CCT wage table. However, there are important differences between this table and the table used by Organon. The Organon wage table is the one that is actually used and has never been open to collective bargaining negotiations. Its use has been questioned by Organon employees in interviews conducted in this investigation. Meanwhile, according to the CCT, wages cannot be reduced for any reason. Overtime pay is double the standard wage. A savings fund does exist.

Akzo Nobel Chemicals

⁷ Repayments for the National Housing Fund

Akzo Nobel Chemicals pays the Federal District's official minimum wage of 42.15 pesos per day for temporary general helpers. Wage classifications for production employees range from 73.11 to 189.81 pesos. Other employee classifications earn between 117.06 pesos per day and 186.52 for first class mechanics. A wage increase of 10% for union employees was agreed upon for 2001. Akzo further agreed to double its contributions to employee savings funds. Akzo is required to pay 1000 pesos for the creation of a savings fund to be managed by Akzo employees. All these benefits are solely for union employees and are established in the CCT.

Bonuses and Profit-Sharing Schemes

Articles 575-590 of the LFT deal with profit sharing. The National Commission establishes a percentage taxed enterprise profits that goes toward a profit sharing plan. One portion of this sum must be divided equally among all employees, taking into account the number of days worked, while the rest is divided proportionately according to wage rates. Article 87 of the LFT specifies that a Christmas bonus of 15 days wages shall be paid for a complete year of employment. Production and productivity bonuses can be an important complement to the normal wage.

The Akzo Nobel corporation has initiated an employee shares plan. The employees in the companies studied in this investigation were all informed about this plan.

Química Estereoidal (Diosynth)

Química Estereoidal pays a Christmas bonus of 32 days wages and 15 days (or a proportion of it) for temporal employees. The trade union and Química Estereoidal have agreed on a plan for productivity bonuses which amount to 10% of the basic wage. Química Estereoidal also offers electronic food credits to all employees on Thursday, worth 13% of the basic wage.

Interveterinaria (Intervet)

Intervet has a mixed commission, described in clause 30 of the CCT, to determine the level of participation in profit sharing for each employee in accordance with the LFT. Intervet obviously does not profit from its services and outsourcing (Interveterinaria) divisions. Intervet Mexico regularly reports profit figures. To compensate for resulting inequalities in profit sharing, Intervet initiated a fixed transfer of 15,000 pesos, but prefers to keep this outside the CCT. When profits rise this sum shall remain constant, however, when profits fall Intervet reserves the right to stop payment.

Organon Mexicana

Organon pays a Christmas bonus of at least 15 days wages. Organon provides bonuses of up to 3% of wages in connection with productivity and quality figures. This is an incentive bonus. Organon provides food credits and offers a punctuality premium and a profit sharing plan in accordance with the LFT. However, it should be further noted as has been mentioned before that in 2000, profit sharing was distributed equally among all workers, but in 2001, an Organon management decision offered administrative staff a higher share.

Akzo Nobel Chemicals

Akzo Nobel Chemicals pays a Christmas bonus equal to 35 days wages. Departing employees receive a bonus based on their period of service. The CCT also requires Organon to pay an attendance premium plus a productivity bonus of 300 pesos for a production level of 2.7 metric tons per person per month and 600 pesos for levels of 3.5 metric tons. The productivity bonus is paid in December and divided equally among all employees. Organon provides a

copy of the tax declaration to the trade union. Organon complies with the LFT concerning profit sharing.

Work Hours

- Ratified ILO Convention: 30

Articles 58-68 of the LFT deal with work hours. Work between 6:00 and 20:00 hours falls under the day shift. Work that is done for up to 3,5 hours outside this time period is defined as mixed, while work that last more than 3,5 hours, and is done between 20:00 and 6:00 is a night shift. The maximum work day consists of 8 hours for the day shift, 7.5 for mixed shifts and 7 for night shifts with at least half an hour break per shift.

Química Estereoidal (Diosynth)

Química Estereoidal has a 6-day workweek that adds up to 48 hours. Four shifts are rotated every week, as agreed upon by both Química Estereoidal and the trade union.

Interveterinaria (Intervet)

Intervet currently has a 45-hour workweek that runs from 8:00 to 17:30 Mondays through Thursdays and 8:00 to 15:00 on Fridays. But this schedule is subject to adjustments in accordance with article 59 of the LFT based on production needs.

Organon Mexicana

Organon has a 45-hour workweek. The agreement stipulates that the 45 hours will be distributed based on Organon's needs.

Akzo Nobel Chemicals

Akzo Nobel Chemicals has a 48-hour workweek, equal to the legal day-shift maximum. Mixed shifts consist of a 45-hour workweek, while night shifts are 42. All shifts have a half an hour break for meals.

Vacations and Compulsory Holidays

- Ratified ILO Convention: 52, 14

Article 69 of the LFT states that there shall be at least one day of rest for every six days of work while wages continue to be paid. Article 74 lists January 1, February 5, March 21, May 1, September 16, November 20, December 25, and election days as compulsory holidays.

By law, employees with at least a year's service with the company shall receive at least six vacation days. Two days are added for each of the next three years of service and thereafter, two additional days are added for each five years of service. Employees will receive a vacation premium of at least 25% of an employee's wages during the vacation period.

All four Akzo Nobel companies comply with the compulsory one day of rest with pay for each six days of employment and observe compulsory holiday regulations. At Intervet, the day of rest can be any day of the week. Additional compulsory holidays at Química Estereoidal and Akzo Nobel Chemicals are the last three days of the *Semana Santa*, May 10 (for Akzo Nobel Chemicals it is the first Monday after May 10), September 15, November 2, December 12, 24, and 31.

Química Estereoidal (Diosynth)

Química Estereoidal offers 6 vacation days with full pay and a 15% vacation premium in the first year of service. This increases up to 17 days after 10 years of service.

Interveterinaria (Intervet)

Intervet's vacation periods are equal to the official minimum specified in clause 8 of the CCT. For temporal or interrupted employment vacations are calculated as a proportion of the number of days worked. Vacations may not be exchanged for wage payments. Workers annually receive an official document noting their years of service and corresponding vacation time. The vacation premium shall be at least 40% of employee's basic wage rate.

Organon Mexicana

Organon offers the official minimum vacation periods as specified in the LFT with a 25% premium.

Akzo Nobel Chemicals

Akzo Nobel Chemicals offers 6 vacation days after the first year of service up to 15 days after 5 years and thereafter, 4 additional days for each subsequent 5 years of service. The vacation premium is a generous 75% of employee's basic wage rate.

Pregnancy and maternity provisions

Articles 165-172 of the LFT prohibit inappropriate work situations for pregnant women and specify a period of leave from 6 weeks before to at least 6 weeks after delivery. Mothers that breastfeed will be allowed extra breaks and an appropriate place to feed their babies.

Química Estereoidal and Organon seem to adhere to the LFT. Química Estereoidal offers 3 days and Organon 2 days leave with pay for the father. Intervet adheres to the LFT without mentioning the issue in its CCT. Data for Akzo Nobel Chemicals was not available.

Health & safety and medical services

<input type="checkbox"/> ILO Convention 148 (environmental conditions)	not ratified
<input type="checkbox"/> ILO Convention 155 (safety and health)	ratified 01-02-1984
<input type="checkbox"/> ILO Convention 161 (health services)	ratified 17-02-1987
<input type="checkbox"/> ILO Convention 170 (chemical products)	ratified 17-09-1992
<input type="checkbox"/> ILO Convention 174 (prevention of industrial accidents)	not ratified
<input type="checkbox"/> ILO Convention 12	ratified

Articles 472-515 of the LFT regulate the industrial use of dangerous chemical substances. The Federal Rules for Safety, Hygiene and Working Environment (RFSHMAT) establishes the necessary measures to prevent accidents and diseases at work, in accordance with the LFT and the various ratified international agreements. The National Consultancy Commission for Safety and Hygiene at Work was established to study working conditions and to reduce workplace risks. Employers must abide by authorities' directives concerning changes and alterations at the workplace. In practice, protective measures depend to some extent on the company's economic situation and level of development.

All four Akzo Nobel companies have Mixed Commission for Safety and Hygiene (CMSH).

Química Estereoidal (Diosynth)

Química Estereoidal provides required equipment for the safety of employees. First aid kits and adequately trained employees are on the work floor in case of emergencies.

Interveterinaria (Intervet)

Intervet's CMSH meets every two months. CCT clauses 25 and 26 require employers to observe the commission's directives and to take the necessary measures to prevent workplace risks. First aid kits must be present and workers shall receive first aid courses. Employer must provide protective equipment and employees are required to use it. Non-compliance is subject to discipline. Safety and hygiene instructions must be followed.

Organon Mexicana

Organon has workplace medical facilities. It carries out periodic medical examinations of its employees with special attention paid to hormone levels because of possible workplace exposure to hormones. All employees are provided with adequate equipment. A first aid kit is present.

Akzo Nobel Chemicals

Akzo Nobel Chemicals provides the necessary protective equipment; its use is dealt with in CCT clause 22. Workers are required to observe all legal health and safety prescriptions. Medical examinations are performed every 6 months by company doctors to detect occupational, contagious and incurable diseases, and disabilities. A first aid kit is present.

Social Security Plans, Medical Insurance and Pensions

- ILO Convention 102 (minimal social security) ratified 12-10-1961
- ILO Conventions 42, 17, 19 ratified

Mexican Social Security Law states that a public institute, financed by employees, employers, the state or a combination of these, has to provide assistance to employees or their families in cases of workplace accidents or social calamities. This includes health care and medical assistance, social security and pensions to cover work risks, disease, maternity, disability, and retirement. The department that implements this law is the decentralised IMSS (Mexican Institute of Social Security). The Federal Law of Workers in Service of the State also deals with these issues. Pensions are covered by a Savings System for Retirement plan.

All four companies register their employees for IMSS services.

Química Estereoidal (Diosynth)

Química Estereoidal's CCT specifies that it agrees to pay a collective life insurance of 24 months wages for all union workers.

Interveterinaria (Intervet)

Intervet refers to the Social Security Law in clauses 10 and 11 of the CCT. Both employer and employees agree to pay their shares for social security insurance as specified by the law. Office employees have an additional Security for Major Medical Expenses. Pensions are included under the Savings System for Retirement plan.

Organon Mexicana

Organon complies with the measures specified in the Social Security Law. It uses Akzo Nobel's pension plan.

Akzo Nobel Chemicals

Akzo Nobel Chemicals provides both life insurance and collective accident insurance for its workers. Life insurance payments are the equivalent of 1.5 years wages in cases of natural death and 3 years in cases of fatal accidents. Employees who contract natural diseases will receive full wage payments for the next three days.

Training

Articles 153A-153X state that employees have the right to training to be provided by their employers.

Química Estereoidal (Diosynth)

Química Estereoidal trains new employees as they are hired according to company needs. The trade union and Química Estereoidal, have agreed that employees should be trained within the company based on the recommendations of the Mixed Commission for Training and Capacitation. Employees are trained at the Centre for Training in the Chemical Industry (CECIQ). Employees with grades of 95% or higher shall automatically be promoted.

Interveterinaria (Intervet)

Intervet has a Mixed Commission for Training and Capacitation whose functions are laid down in CCT clause 27.

Organon Mexicana

Organon provides training and capacitation for union workers. The objective of these training courses is to update and increase their knowledge, prevent workplace safety risks, increase punctuality, and improve skills. Training programmes take place during working hours and inside the plant.

Akzo Nobel Chemicals

Akzo Nobel Chemicals provides Training and Capacitation for new and temporal workers, as well as provides all employees with updates and increased educational opportunities.

Transport facilities

Intervet provides commuter transportation for its all employees from and to work. This is not mandated by its CCT. Akzo Nobel Chemicals's CCT provides for transportation from work to the home. Data for Química Estereoidal and Organon was unavailable.

Housing facilities

Articles 136-153 of the LFT requires all companies to provide appropriate housing for their employees. This requires contributions comprising of 5% of total wages to the National Housing Fund (INFONAVIT). INFONAVIT's goals include the creation of a financing systems that allow employees to get low interest loans toward the purchase of appropriate living accommodations.

Química Estereoidal and Intervet comply with the LFT and offer social sector housing through INFONAVIT for all their employees. This is something that is not included in Intervet's CCT. Data for Akzo Nobel Chemicals and Organon was unavailable.

Food

Química Estereoidal provides complete meals Monday through Friday, even extending into the weekends if necessary and charges 20% of the minimum daily wage, or about 8 Mexican

pesos. Intervet provides meals for all its employees. Akzo Nobel Chemicals' trade union has requested a catering service, but an agreement has yet to be finalised between the union and Akzo Nobel Chemicals. Data for Organon was unavailable.

4. Reorganisations, Restructuring, and Relocation

Reorganisation, Restructuring, and Relocation

Química Estereoidal, Organon and Akzo Nobel Chemicals have not experienced any restructurings or relocations.

In 1999, Interveterinaria SA de CV acquired Hoechst Roussel Vet. The fusion was finally consummated in 2000. A second company was registered as Intervet SA de CV, to take care of outsourcing and contract services. The disadvantages for employees have already been dealt with in the general description of Intervet as well as under "bonuses and profit sharing" in the section "other labour conditions". The negative consequences of outsourcing merit further analysis. There have been some changes in company management since the merger. One plant with 60 production and administrative workers was closed. 50 of them were offered positions at other plants and received support to help with the moving process. A compensation programme in accordance with the law was offered to the 10 employees that ended up being dismissed. The trade union did not intervene.

Flexibilisation of work

Química Estereoidal (Diosynth)

Like most companies, Química Estereoidal signed an agreement concerning productivity with a focus on employee specialisation rather than on flexibility because of the strict guidelines that govern the management of chemical processes. Química Estereoidal has tried to increase job protection regulations of its skilled employees. The agreement made concerning work hours, with rotating shifts, is perhaps just a form of flexibilisation. Workers say it is fine for them, but it seems to have a negative impact on female employment. In 2000, Química Estereoidal saw a decrease in production but the workforce was kept on, and thus the trade union was satisfied.

Interveterinaria (Intervet)

Intervet's use of outsourcing and the inclusion of a productivity clause in its contract are the most visible signs of flexibilisation.

Organon Mexicana

Organon has a productivity agreement. However, Organon employees were dissatisfied with the work hour details.

Akzo Nobel Chemicals

Akzo Nobel Chemicals introduced computers in 1998. The trade union reported no noticeable effect on labour issues at the time. In 2001, there was a dramatic decrease in production, but no dismissals or suspensions of operations followed. Changes in the rotation of shifts similar to Química Estereoidal were instituted.

5. Human Rights

Química Estereoidal, Intervet, Organon and Akzo Nobel Chemicals experienced no human rights violations.

6. Environment

Química Estereoidal (Diosynth)

Química Estereoidal uses steroid bases, solvents, toluene, tetrahydrofuran, methanol, and ethanol in its production processes. Toxic wastes consist of a mixture of solvents and other residues. Portions of the solvents are bought and reused by other companies. Química Estereoidal has a contract with a company that burns unrecyclable waste products within international guidelines. Water use has diminished. The environmental standards at Química Estereoidal are supervised by company officials based on Akzo Nobel's extremely strict corporate environmental guidelines. The director of operations is responsible for environmental issues. Reports are filed with Akzo corporate headquarters in the Netherlands as well as to Mexican government authorities. No problems have occurred over the past five years.

Some environmental concerns about the relation between Química Estereoidal and the community of San Juan Ixhuatepec remain. Perhaps this is because Química Estereoidal is perceived as a dangerous source of contamination by the community and has led to several lawsuits seeking compensation. In 1984, a series of large explosions occurred in the Petroleos Mexicanos deposits located in this community. It caused substantial damage and numerous serious injuries to local residents. The Química Estereoidal's production processes take place in the open air, causing the lingering stench of potentially dangerous solvents. These factors go some way toward explaining why the community considers Química Estereoidal a hazard to the region's residential areas. Química Estereoidal is currently involved in developing a water treatment plant in San Juan Ixhuatepec of which it owns 12%. This demonstrates just how important a consistent and adequate water supply is to Química Estereoidal. Química Estereoidal's water needs might be in conflict with those of the community. More investigation concerning Química Estereoidal's environmental issues and community relations are recommended.

Interveterinaria (Intervet)

Intervet adheres to the strict environmental Akzo Nobel Pharma division guidelines. The Mixed Commission for Safety, Hygiene and Ecology is in charge of capacitation programmes and responsible for environmental concerns. The trade union is also involved via its participation with this commission. Specialised companies certified by environmental authorities are subcontracted for environmental protection and waste management. Environmental issues are reported to the corporation and Mexican authorities. Union employees received a copy of this latest report. There have been no environmental problems during the past five years.

Organon Mexicana

Organon does not produce dangerous or toxic wastes. It complies with the environmental guidelines as mandated by Mexican law. Workers are involved in the Mixed Commission for Safety, Hygiene and Ecology.

Akzo Nobel Chemicals

Akzo Nobel Chemicals' priorities are the management of water, toxic waste, and other wastes. The main toxic wastes reported by Akzo include dimethyl formamide (phosphoric acid), used oil, estope, and lead. The lead is collected, while management of other types of toxic waste were not reported. The Mixed Commission for Safety and Hygiene is responsible for the environment and it produces regular proposals concerning improvements to current

installations and processes. The trade union is involved via this commission. Akzo has ISO 9000 qualification. The trade union is adequately informed about environmental issues and the monthly company magazine provides further information on the environment to employees. The trade union recalls that there were problems concerning water treatment some 10 years ago. No environmental problems were reported over the past five years.

7. Conclusions

The case of Akzo Nobel show a variety of labour relations and trade unions at the various facilities. The employees and various trade unions showed great interest in the results of this investigation. They wanted to establish further contacts and links. They were excited about the possibility of reading about labour conditions in the same types of facilities in The Netherlands. Mexico is undergoing a period of dramatic change in the organisation of its corporate trade unions, and even the trade unions least disposed to providing information showed some interest in the issues raised by this investigation.

Some of the findings of the research include:

- The nature of the diversity of trade unions within the Akzo Nobel group requires more attention. The research reveals numerous dangers related to the proposal for limiting the autonomy of employees. These proposals are rooted in the levels of corporate control exercised by protective trade unions, the companies and/or the corporations. Interventions like strikes may grow more difficult because of the perceived threat that foreign investors will just pack up to another country to avoid labour problems.
- The diversity of trade unions at the four Akzo Nobel companies ranges from protective (e.g., Organon) to democratic trade union (Akzo Nobel Chemicals).
- All four of the investigated companies of the Akzo Nobel group use a control mechanism that consists of the separation of production and administrative employees. In many cases, office workers comprised the majority of the employees, yet the “natural” approach deemed administrative staff as a separate entity in terms of labour relations. For example, at Intervet, office workers receive an additional Security for Major Medical Expenses benefit.
- Over the past five years, a new wave of management styles at Akzo Nobel is introducing changes that will phase out the authoritarian model and phase in a more employee-participatory management style, which includes team formation and the participation and trust of its employees.

The most obvious recommendations this investigation can offer is included in the descriptions of the individual companies included in this research. An issue that warrants some thought is international labour policy in relation to the Mexican context. It was quite evident that Mexican employees at the various Akzo facilities were interested in establishing contact with their Dutch equivalents. It is also important to note that the traditional leaders (union or otherwise) will adamantly oppose any changes that might weaken their traditional power base. The research implies that positive changes must come from within the individual Akzo facilities to ensure that their employees will become less suspicious, more receptive and ultimately become more active in representing their own interests.