

# Mexican VW workers reject settlement, continue strike

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1 September 2001

Mexico's VW workers overwhelmingly rejected a proposed contract settlement and decided to continue their strike for improved wages and working conditions against the German-owned auto giant. Nearly 97 percent of the 11,460 strikers voted against the 10.2 percent wage offer accepted by their union, with only 281 workers approving the deal. Earlier in the week, the union dropped its wage increase demand to 10 percent, down from 19 percent at the beginning of the strike.

The walkout at the Puebla factory, 65 miles east of Mexico City, began two weeks ago when workers rejected a 7 percent wage offer from the company. The factory produces several VW models, including the original Beetle, and is the only plant in the world that makes the popular new Beetle exported to the US and Europe.

VW management reacted by threatening to stop future investments in the country. "I think the conditions for studying investment proposals will change," VW Mexico official Francisco Bada told reporters. "What is most worrying, independently of how the strike ends, is that now investment proposals for Mexico, for new projects, have definitely been canceled," he added, without giving details of any planned investments.

Clearly taken aback by the solid rank-and-file opposition, the leader of the Independent Union of Volkswagen Workers (SITIAVW), Jose Luis Rodriguez, immediately declared he would appeal to Mexican President Vicente Fox to intervene in the strike. Rodriguez also said he would continue negotiations with the company "in order to make another effort so that this conflict can be resolved."

In an effort to contain the anger of the workers the union announced a series of protests, culminating in a

September 5 demonstration in Mexico City. It is also launching a boycott of VW products, a proposal that is virtually meaningless, since the majority of the cars produced at the strikebound plant are exported to scores of countries around the world.

In his comments after the vote by workers to reject the offer, Rodriguez declared that he is concerned about the damage a prolonged strike may do to the auto industry, which is already suffering from the country's economic downturn. Rodriguez also warned that Mexico's Federal Conciliation and Mediation Service might declare the strike illegal. Last year the union held a strike at the same plant, but the action was declared illegal on a technicality. Nonetheless, workers won an 18 percent wage rise, with 5 percent linked to productivity.

Mexican officials, including Puebla's governor, Melquiades Morales, have already cited the impact of the strike in their calls on the union to end the strike while a mediated settlement is negotiated. Tens of thousands of parts plants workers are being placed on "technical strikes," a Mexican term for layoff at half pay, as a result of the Puebla walkout.

Both SITIAVW and Volkswagen are courting the Fox government, whose anti-inflation policies are partly responsible for the economic slowdown that has already thrown more than 600,000 workers out of their jobs this year. The SITIAVW and other unions will publish ads in Mexican dailies exhorting President Fox to "help resolve the conflict." Rodriguez also appealed to Mexico's Labor Secretary for a government-imposed solution. "We want a double-digit increase in wages, as a reward for productivity," he said, with other benefits to be considered separately. Rodriguez said that VW management needed to come up with a more serious offer and suggested that the union would

demand a 16 percent wage increase.

VW is the third largest auto company in the world, a global firm that this year expects to produce nearly 6 million vehicles, some 450,000 of these at the Puebla plant. However, under the impact of an economic slump, in April and May of this year it had to cut production of the Jetta model. That slump has caused it to shift its marketing strategy away from the US and Europe and toward emerging nations, such as Brazil, where demand continues to be strong. VW is also engaged in aggressive cost-cutting measures at its plants around the world. In Brazil, VW workers have been engaged in rolling strikes against these demands.

Last week in Berlin, the German union IG Metall signed an unprecedented concessions contract with Volkswagen. VW will hire 3,500 “flexible” workers to make a minivan at its Wolfburg plant under the condition that they keep up with productivity goals. If they fail to meet such goals they will be forced to work extra hours without pay. These workers will also receive reduced benefits.



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