After union imposes sellout in Puebla, Mexico, VW cuts shift and government grants tax incentives to automakers

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On October 28, after six strike deadlines and two rejected agreements, workers at Volkswagen's plant in Puebla, Mexico, voted to accept a one-year contract that the company and the Independent Union of Volkswagen Automotive Industry Workers (Sindicato Independiente de Trabajadores de la Industria Automotriz Volkswagen, SITIAVW) had declared "definitive." According to the union, 3,890 workers voted in favor and 1,493 against, with 20 null votes.

The deal is the worst of the three put before the workers: a 4.4 percent increase in base wages, 0.25 percent more into the savings fund and a one-time payment of 12,000 pesos (about US$640), which the company counts as 3.59 percent to reach a "global" figure of 8.24 percent. Workers had rejected a 10.04 percent package on September 11 and a 13.16 percent two-year deal on October 15. The promise to reinstate 611 workers laid off in August when VW eliminated the third shift on the Jetta and Tiguan lines was eliminated from the last offer.

Whatever the contract says, management told workers at mandatory meetings on October 20 that it plans to freeze wages "until at least 2030," according to accounts given to *La Jornada de Oriente*. The freeze is part of a global plan to hold down the pay of VW's roughly 650,000 employees until 2030, after IG Metall's representatives on the supervisory board voted on September 3 for a "Future Plan 2030" that eliminates 50,000 jobs, 25,000 of them in Germany.

Two days after the vote, *Milenio* reported that VW and the SITIAVW had agreed to run the Taos assembly line on a single shift from November 2 to December 15, followed by "technical stoppages" from December 16 to 18 and through the last two weeks of the year. At least 1,000 technicians will be "temporarily relocated." Production resumes January 2, 2027.

Comments on social media by workers point to widespread anger at the raise approved, which is widely described as "spare change." A worker noted that "the raise was approved due to intimidation by the *charro* [gangster] leader."

What decided the vote was the union's open threat to leave workers on the picket lines through the holidays with no strike pay. The SITIAVW had assigned mandatory picket duty under threat of sanctions and said nothing about a strike fund.

The vote, more broadly, was the outcome of a joint operation by the company, the union apparatus and the Morena governments in Puebla and Mexico City to wear workers down until they voted the way VW wanted. It has opened the way for shift cuts and new handouts to the automakers. The problem is not that workers are unwilling to fight, but that they lack organizations of their own, independent of the union bureaucracy and the capitalist state.

The Puebla daily *Diario Cambio* ran the headline: "VW got its way: praises workers' maturity and empathy for accepting the agreement." After the October 15 rejection, the company had expressed its "deep concern and disappointment" and warned it would not prevent a strike if the price was "the future of the plant." Once the third deal passed, management declared that the vote "sends a signal of stability, labor peace and empathy with our parent company, in one of the most challenging moments of its recent history."

The workers are being forced to pay for this "challenging moment." CEO Oliver Blume took home €7.42 million in 2025, roughly 1,000 years of a Puebla

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worker's wages, and VW paid €2.6 billion in dividends in June.

The promise that such "empathy" will save jobs is entirely empty as long as workers have no organization to fight. Another 175 workers were pushed into early retirement this year, and VW is preparing to move part of Taos production to Brazil and Argentina. Each "temporary" measure has prepared the next round of job cuts.

The Morena government was at the center of the operation. Federal labor authorities "accompanied" every stage of talks in which the union refused to accept two "no" votes. When the deal was concluded, Puebla Governor Alejandro Armenta of Morena met with VW de México executive board chairman Holger Nestler, SITIAVW Secretary General Hugo Tlalpan Luna and federal Labor Secretary Marath Bolaños.

Armenta said President Claudia Sheinbaum had "remained attentive" to the negotiations. Bolaños called the deal an advance "for working families."

Armenta then announced his administration will maintain until 2034 the tax incentive agreement signed with the company in February 2024, through which VW received more than 185 million pesos in 2025 and another 155 million so far this year in relief on the state payroll tax.

At the national level, the Sheinbaum government eliminated on October 14 the 10 percent tariff on imported auto parts for five years, a direct subsidy to VW and other automakers. On October 27, the Senate approved an amendment, presented by Morena deputy Emmanuel Reyes Carmona and signed by Senate leader Ignacio Mier, exempting automakers from new limits on deductions that are to apply from 2027 to companies with more than 50 million pesos in income. The amendment passed 74 to 34.

The Morena government's corporate handouts are in response to growing signs of crisis. US tariffs drove a 15.1 percent drop in light-vehicle production in September, and Washington's refusal to extend the USMCA has left the trade pact subject to annual reviews. The war in the Middle East has pushed oil above $100 a barrel; the same Senate amendment exempted gasoline retailers in the name of "stabilizing" fuel prices. Armenta blamed VW's difficulties on an international "readjustment" driven by US tariffs.

Someone has to pay for these handouts. Sheinbaum's 2027 budget allocates 1.575 trillion pesos, 15 percent of federal spending, to debt service, more than to healthcare, while the IMF demands faster "fiscal consolidation." Last month, the government and the official union imposed an 8 percent package on IMSS health workers, only 4 percent of it on base pay, without a new vote after workers rejected the previous deal.

VW workers in Puebla have a history of great militancy. They struck for 57 days in 1987 and won a 78 percent wage increase. In 2000, an almost two-week walkout resulted in a 13 percent direct wage hike. In 2001, they rejected their union's agreement by 97 percent, leading to an 18-day walkout that led to a 10.2 percent wage increase. By 2006, a five-day walkout resulted in a sellout deal with a 4 percent raise. More recently, they voted down sellout deals in 2022, 2024 and twice this year.

Despite the significant wage increases won in earlier struggles, each time workers voted down the sellouts, the "independent" union, trained and financed by the AFL-CIO's Solidarity Center and Germany's Friedrich Ebert Foundation, worked with the state to override their decision.

Workers at VW must prepare for the coming struggles by building rank-and-file committees in every department, elected in open assemblies and independent of the SITIAVW and the state, to fight for the reinstatement of all laid-off workers, no more job cuts, no shift cuts and wages that keep up with the cost of living.

These committees must link up with workers at Audi in San José Chiapa, at the IMSS and at VW plants in Germany and the US through the International Workers Alliance of Rank-and-File Committees.



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