FUELING INNOVATION

INSIGHTS, LESSONS LEARNED, AND EMERGING GOOD PRACTICES ON HOW GOVERNMENT ACTORS AND DONORS ARE ADDRESSING LABOR LAW VIOLATIONS IN MEXICO

Protecting workers' rights helps Mexico's automotive industry thrive. Strongly enforcing labor laws is key to achieving this. This means creating safe working environments, eliminating discrimination, and guaranteeing fair treatment for all employees. The Bureau of International Labor Affairs (ILAB) dedicates its support to enhancing labor inspections, fostering coordination among enforcement agencies, and proactively addressing labor law violations. One notable initiative, the **Improving Working Conditions in the Mexican Automotive Supply Chain (CALLE) project,** assisted the Government of Mexico by offering technical assistance, tools, and training to ensure the effective protection of workers' rights and compliance with labor laws, particularly within the automotive parts industry.

> "[…] the USMCA labor chapter and its rapid response mechanism should be seen as tools in building more efficient and resilient North American supply chains. This can happen in a number of ways, including reducing strikes that affect supply chain resiliency and increasing political and consumer support for USMCA when goods are produced consistently with international labor standards" (USMCA forward 2023, Brookings, P. 10).

This learning brief captures key insights, lessons learned, and emerging good practices garnered during an evaluation conducted by DevTech Systems, Inc. between 2023 and 2024. ILAB commissioned the evaluation to enhance its own, as well as other key system actors', understanding of how its technical assistance is advancing Mexico's labor standards through a systems-based approach. Drawing upon the evaluation's mixed-methods approach, these key insights, lessons learned, and emerging good practices seek to amplify various system actors' voices and their contributions to Mexico's automotive sector, including ILAB's technical assistance.

PROJECT SPOTLIGHT

CALLE has played a pivotal role in enhancing labor inspection effectiveness through a comprehensive approach that includes technology integration and capacity building. This project has significantly contributed to supporting labor inspection as a compliance tool, aligning with the broader goal of preventing and addressing labor law violations within Mexico's automotive industry.

Key Insight and Lesson Learned 1: Prioritizing forced labor and safety concerns by developing strategies that ensure high-quality production standards without compromising the rights of workers is imperative.

Resources directed toward donors' initiatives aimed at enhancing workers' welfare and safety alleviate implicit pressures on workers for mandatory overtime, placing a greater emphasis on their well-being. ILAB's engagement with industry associations and multinational corporations leverages the influence of various system actors, may foster improved labor practices and safety standards across supply chains. Furthermore, donor implementation of comprehensive training programs and incentives for companies to invest in safety equipment and machinery upgrades effectively mitigates numerous risks and improves workplace safety conditions. ILAB's continued advocacy and support for stringent regulatory enforcement and oversight throughout the automotive supply chain will lead to improvements in labor conditions and safety standards across the industry.

Key Insight and Lesson Learned 2: Ensuring the effectiveness of the Rapid Response Mechanism (RRM) will promote labor standards across the interconnected sectors within the automotive industry.

When system actors commit technical and financial resources to multilateral initiatives like the USMCA-led RRM, they broaden their reach and efficacy in tackling labor rights violations, particularly in sectors beyond their current focus. Collaborative endeavors with international organizations and government agencies harness the expertise and resources necessary to bolster the expansion of existing initiatives like the RRM, expanding reach so more workers benefit from increased protections as a result of successful cases. Implementing proactive monitoring systems and cultivating partnerships with civil society organizations empowers democratic unions and their worker members to advocate for their rights and initiate claims, resulting in increased benefits. Integrating the RRM into national conflict resolution mechanisms

and enhancing the capabilities of institutions like the CFCRL and labor courts would facilitate the effective resolution of labor disputes.

> "The Rapid Response Labor Mechanism. In other words, it's either you comply or you comply [...]. And that's the only thing that has forced them to meet the minimums." (Worker Organization)

PROJECT SPOTLIGHT

The ILAB-funded Engaging Workers and Civil Society to Strengthen Law Enforcement project played a critical role in strengthening the RRM for workers. Project staff provided training and support to worker organizations, enabling them to identify and report violations, develop legal strategies, and advocate for their rights. Additionally, the project drafted communication materials to raise workers' awareness of the RRM process. These efforts culminated in the labor union La Liga at VU Manufacturing successfully petitioning twice for the RRM's activation, demonstrating the project's impact in ensuring workers are able to access this vital resource.

Key Insight and Lesson Learned 3: Diversifying labor inspection processes through technological innovation better ensures compliance with existing labor laws and standards.

When government actors and donors channel investment into cutting-edge technological solutions for labor inspections, such as ILAB's technical assistance under CALLE, they streamline processes and boost effectiveness, particularly within industries characterized by intricate supply chains like the automotive sector. Collaboration with technology firms and research institutions leverages expertise and resources to foster the development of innovative tools for labor inspection, enhancing efficiency and precision. Integrating data analytics and artificial intelligence into labor inspection procedures augments risk assessments and targeting capabilities, empowering inspectors to prioritize high-risk areas and allocate resources more efficiently. Technological tools within the labor inspectorate, offering real-time updates on inspection statuses, findings, and subsequent actions, also promise to enhance transparency and accountability.

"So Mexico definitely has resource constraints. We have to improve capacity within those constraints to give them better tools to be able to target their inspections and use the resources that they have more effectively and efficiently." (Implementing Partner)

PROJECT SPOTLIGHT

Technological Enhancement - CALLE has upgraded the federal labor inspectorate's electronic case management system (ECMS), incorporating data analytics and predictive analytics tools. This innovation enables a data-driven, targeted inspection strategy by identifying high-risk employers for labor law violations, thus making inspections more efficient and focused.

SYSTEM ACTOR FEEDBACK: "A computer tool will always be quicker...facilitating work for legal assessments and, in turn, benefiting the worker by providing a more agile and effective response to their request or complaint." (Representative from the Government of Mexico, reflecting on the direct impact of technology on speeding up inspections and sanction enforcement)

Key Insight and Lesson Learned 4: Strengthening the quality of labor inspections is imperative to uphold workers' rights more effectively and adhere to labor regulations.

Enhancing funding for labor inspections increases the number of labor inspectors, bolsters training programs, and infrastructure, augmenting Mexico's capability to enforce labor regulations effectively and efficiently. Through collaborative endeavors with international donors and development agencies, ILAB has harnessed financial and technical assistance to bolster capacity-building initiatives and modernize labor inspection systems. Future implementation of performance-based incentives and accountability mechanisms has the potential to motivate inspectors to elevate their performance and ensure compliance with labor regulations, fostering continuous improvement in labor inspection practices. Moreover, integrating mandatory transparency protocols into the labor inspection process that mandate publishing detailed inspection findings and subsequent actions on a publicly accessible platform enhances accountability and transparency.

PROJECT SPOTLIGHT

Capacity Strengthening – By the project developing new or improved labor inspection tools, including checklists, templates, protocols, manuals, and guides, inspectors are better equipped to conduct thorough and effective inspections. CALLE also offered a 120-hour professional training certificate program for federal inspectors, enhancing their expertise and readiness to tackle complex inspection challenges.

SYSTEM ACTOR FEEDBACK: *"By creating much more agile mechanisms that are truly effective at the time of inspection, it will greatly improve their quality... With these developments, inspectors can conduct a quick inspection much faster without having to waste time determining, writing, [or] redoing things that could be more easily managed."* (Representative from the Government of Mexico)

Key Insight and Lesson Learned 5: Enforcing sanctions for labor violations is essential in effectively combatting corruption in the automotive sector and promoting accountability and transparency.

Stronger enforcement mechanisms and legal frameworks (including sanctions for violations) have proven to deter non-compliance and promote employer accountability. ILAB's collaboration with legal experts and NGOs – in coordination with the allocation of necessary resources – strengthens advocacy and legal aid, further ensuring effective enforcement and upholding labor rights. Additionally, multi-agency collaboration tends to reduce or eliminate corruption by strengthening regulatory bodies and increase transparency and accountability. ILAB's support and implementation of monitoring and reporting mechanisms to date has demonstrated preliminary success enhancing Mexico's ability to monitor and follow up on cases and infractions, holding companies accountable for remedial action and promoting greater adherence to labor regulations and respect for workers' rights.

EMERGING GOOD PRACTICE 1: Technological Enhancement in Labor Inspections

The CALLE project significantly improved the federal labor inspectorate's ECMS by incorporating data analytics and predictive analytics tools. This innovation supports a data-driven, targeted inspection strategy by identifying high-risk employers for labor law violations, thus making inspections more efficient and focused. As a progression of this initiative, and provided enabling conditions are met – such as the full implementation of the ECMS and comprehensive training of inspectorate staff – stakeholders could extend a similar approach to ensure transparency and openness in labor inspection outcomes. This step would allow external stakeholders access to inspection results, thus enhancing accountability and reinforcing public trust in the enforcement process.

EMERGING GOOD PRACTICE 2: Streamline Enforcement Processes

The CALLE project has played a significant role in enhancing the effectiveness of labor inspection processes through a strategy that integrated advanced technology and built inspector capacity. By providing specialized training to inspectors and utilizing technological tools, CALLE aimed to streamline enforcement processes. If these strategies are fully adopted by the Mexican government and sustained, they have the potential to ensure swift and accurate application of sanctions and reduce administrative delays, allowing cases to be resolved within legal timelines and supporting effective labor law enforcement.

Please refer to the evaluation report for additional information and insights on how ILAB's technical assistance is supporting sustainable change in Mexico's automotive sector's labor relations system.