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## **Federal Arbitration Board Rules In Favor Of Volkswagen Request To Terminate Union Contract**

*by Steven Ranieri*

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On Aug. 17, the federal arbitration and conciliation board ruled that Volkswagen de Mexico can terminate a union contract with 16,000 locked-out workers and hire replacements. (See SourceMex 08/12/92 for most recent account of shutdown and related events.) The government labor board's ruling means the company could fire everybody and begin hiring anew at the plant in Puebla. Volkswagen locked out the workers July 26 after dissident employees, unhappy over a recently signed contract, staged a wildcat strike on July 21. The company told the labor board that the problem was within the union, and Volkswagen became the victim. Management opened negotiations with union leaders Monday night for a new contract, but company president Martin Josephi said the dissident unionists who started the dispute would lose their jobs. According to Josephi, "It's in our interest to resume working with the majority of workers...[T]hose who don't respect the workplace...we cannot consider from now on, and in the future, employees of Volkswagen de Mexico." About 500 small businesses that supplied the plant have closed because of the strike and lockout. Volkswagen of Germany canceled orders for about 1,200 axles daily that the plant in Mexico had been supplying. Negotiators signed a two-year contract July 2 after a 35-hour strike. The union's executive committee said the contract contained the largest raise and highest salaries in the Mexican automotive industry. Union bargaining team president Gonzalo Taxis said the pre-contract strike dissolved after negotiators told strikers at the plant gates that the company had agreed to a 20% wage hike, boosting wages to about US\$15 a day. But union officials did not organize an assembly to provide members with the opportunity to approve the contract, nor to vote on ending the strike. In addition, the 140-member union bargaining team did not tell members about a separate covenant with Volkswagen until after the contract was signed. That agreement called for creation of controversial, Japanese-style work groups. Dissident members of the Independent Autoworkers Union had called the wildcat strike to pressure for the ouster of union president Gaspar Bueno. On Aug. 15, 158 of 214 union stewards called a meeting in Puebla to vote on whether to replace Bueno. The meeting was preceded by a petition calling for his ouster, signed by 6,670 union members. Approximately 8,000 union members who attended the meeting voted unanimously in favor of replacing Bueno. Volkswagen workers can submit an appeal to the arbitration board, and ultimately seek recourse of the Supreme Court to overturn the finding. However, such appeal must be submitted by the union, and not by the dissident faction. The board's finding requires Volkswagen to provide severance pay to dismissed workers, or three months' salary, plus 12 days per year of employment. Severance pay also includes monetary compensation for vacation pay and other benefits. Total severance pay per former employee would range between US\$2,000 and US\$3,000. According to a statement by Volkswagen management late Monday, the company plans to rehire 90% of the workers, and resume production operations within the next 24 hours. (Sources: Notimex, 08/12/92, 08/17/92; Agence France-Presse, 08/12/92, 08/16/92, 08/17/92; Associated Press, 08/17/92)

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