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Nestle Reaches Agreement With Union at Six Plants After Prolonged Strike

by Carlos Navarro

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On Jan. 15, Nestle de Mexico and union workers at six plants reached an agreement which will raise worker salaries by almost 11.6% this year, thus ending a 39-day strike. The agreement, which was mediated by the Labor Secretariat (Secretaria de Trabajo y Previsión Social, STPS), was in full compliance with the Economic Stability and Growth Pact (PECE), since the base salary increase complied with the government's prescribed 5% cap. Productivity bonuses accounted for the additional 6.6%.

Members of the Nestle Workers Union (Sindicato Unico de Trabajadores de la Compania Nestle de la Republica Mexicana) had walked off the job on Dec. 7 to protest the company's proposal to eliminate a collective bargaining contract which had been in place for the past 59 years. Nestle had wanted to negotiate separate contracts at each of the six plants, two of which are located in Jalisco, and one each in Veracruz, San Luis Potosi, Chiapas, and Mexico states.

Collective Bargaining Agreement Preserved

According to union official Amado Duran Rodriguez, workers would have lost most of the concessions they had gained from Nestle if the collective bargaining contract had been eliminated. Nevertheless, as part of the accord with Nestle, the union agreed to sit down with management during the next 30 days to discuss elimination of some of the company obligations spelled out under the original collective bargaining agreement.

Nestle is seeking to eliminate 27 clauses in the collective bargaining contract. The STPS intervened in the labor dispute at the request of business chambers and local officials in the affected regions, where the prolonged strike was beginning to have negative economic repercussions for thousands of milk producers and coffee growers. For example, closure of the Nestle plant in Lagos de Moreno, Jalisco state, had reduced earnings for the state's agriculture industry by 80% during a five-week period. In fact, dairy producers in the state asked interim Jalisco Governor Carlos Rivera Aceves to meet with officials from the Agriculture Secretariat (Secretaria de Agricultura y Recursos Hidraulicos, SARH) to find a solution to the problem, as Nestle normally buys 400,000 liters of milk daily from 350 dairy producers in Jalisco.

In an advertisement placed in several newspapers on Jan. 10, the Swiss-based company had warned it would consider leaving Mexico altogether if the labor dispute was not resolved soon. This threat created some concern among business leaders such as Ricardo Dajer Nahum of the Confederation of National Chambers of Commerce (Confederacion de Camaras Nacionales de Comercio, Concanaco) and Antonio Sanchez Diaz of the Mexican Employers Confederation (Confederacion Patronal Mexicana, Coparmex). In separate statements on Jan. 11, Dajer and Sanchez both warned that Nestle's possible exit from Mexico would send a bad signal to foreign investors.

According to La Jornada, if Nestle had indeed followed through on its threat to leave Mexico, the move would have had extensive repercussions on the country's dairy and coffee sectors. Some 12,000 milk producers and 8,000 coffee growers sell their products to Nestle.

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