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On Aug. 20, the Mexican government suddenly declared the nation's largest copper mine, the Cananea Mining Co., bankrupt and cut off contract negotiations with employees. Cananea is located in Sonora state, 25 miles south of the Arizona border. According to local press reports, Cananea management declared it could not meet existing expenses, much less accept workers' demands for a 60% wage increase, a shorter work week, additional vacation time and improved benefits. The 3,000 employees had threatened to strike on Aug. 28 if negotiations, which commenced June 24, had not been resolved. Soldiers were dispatched to guard the facilities at the request of the judge who ruled in the bankruptcy decision. In a communique, Nacional Financiera, S.A. (NAFINSA a national development bank which holds a majority of stock in the mine) said soldiers "intervened" to guard hazardous materials, including 70 tons of dynamite. Mining union leaders said it was clear the soldiers were moved in to "prevent" incidents by workers who had not been officially informed of the bankruptcy ruling, nor of proceedings leading up to the decision. Mine employees have expressed opposition to the government's decision to "privatize" the company. Since 1988, two deals to sell Cananea reportedly been scotched. AP cited unidentified reports in the financial press which said the government is convinced that a costly union contract would make the mine even less attractive to private investors. Notimex reported on Aug. 22 that Cananea's work force totaled 3,690; 2,890 were union members. Cananea administrators said the mine's labor force is double the size found at similar mining operations, and that overall costs were 25% to 30% higher. On Aug. 22, Cananea director Alberto Perez Aceves said all employees would be dismissed. Within a period of two or three months, the mine will be reopened under new administrative and juridical structures. He said the company would re-hire 2,500 workers. Leader of the National Miners and Metallurgical Workers Union, Napoleon Gomez Sada, said the bankruptcy ruling was incongruous since the company had been in the black for the past few months. According to Gomez, media reports of miners' demands in contract negotiations were false, highly exaggerated. For instance, he said, the employees' wage hike demands had never surpassed 15%. The misinformation, he added, was clearly an attempt to blame the workers for the government's decision to close the mine. Cananea produces about 160 tons of copper a year, accounting for about 3% of the world copper supply. An average 40% of Cananea output was exported. Total sales for 1989 are estimated at $300 million, of which slightly more than $100 million are expected to derive from exports. The company's assets total approximately $1.4 billion, with an outstanding debt of $600 million. In recent years, low world market copper prices had forestalled the company's attempts to improve efficiency and modernize. The Cananea copper reserves, according to the company, total 1.7 billion tons. In the past 40 years, Cananea has accounted for nearly 60% of all copper consumed in Mexico. In 1971, NAFINSA, other government entities and domestic private investors controlled 51% of the mining company's shares; the remainder were held by Anaconda of Atlantic Richfield. In 1982, the foreign-owned shares were transferred to NAFINSA, making Cananea 100%-Mexican owned. In a statement, Cananea said both state and national governments plan to undertake development programs in the company town of
Cananea to reduce dependence on the mine. The town's inhabitants number about 25,000. (Basic data from AP, 08/20/89; Notimex, 08/20/89, 08/22/89)

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