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Government Signs New Contracts With Workers At Four Petrochemical Complexes

by Carlos Navarro

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In late February, the state-run oil company PEMEX and the petroleum workers union (Sindicato de Trabajadores Petroleros de la Republica Mexicana, STPRM) signed four separate contracts to preserve worker rights at different petrochemical plants in Mexico. The STPRM reached agreement on the new contracts with managers of the Camargo, Escolon, Cosoleacaque, and Tula petrochemical complexes. In addition, according to the Energy Secretariat (SE), more agreements between the STPRM and management will soon be finalized at the Morelos and La Cangrejera petrochemical complexes. Taken together, those six complexes accounted for 89% of total earnings during 1996 by PEMEX's subsidiary, Pemex Petroquimica. Government and union spokespersons said the STPRM's agreement to negotiate separate contracts for each petrochemical complex will allow President Ernesto Zedillo's administration to proceed with the partial privatization of the country's secondary petrochemical plants. In a prepared statement, the SE said the accords ensure that workers at the petrochemical facilities will retain their current rights and benefits, even after partial ownership of the plants is transferred to private owners. According to the SE, the agreements also pave the way for the STPRM to negotiate new collective contracts that take into account the particular conditions relevant to each plant, which will be considered an autonomous unit. Negotiations on these collective-bargaining agreements are to be negotiated before the end of 1998. "This represents a fundamental step toward the consolidation of independent operations at the new petrochemical subsidiaries of Pemex," an SE statement said. Accords allow government to proceed with privatization plans. The privatization of Mexico's petrochemical plants had been suspended since October 1996, when the Chamber of Deputies and Senate pressured the Zedillo administration to abandon its plan to fully transfer the country's 10 petrochemical complexes to the private sector. The Zedillo administration had been pushing for full privatization to attract much-needed private capital into the petrochemical sector. The legislature including a large majority from Zedillo's governing Institutional Revolutionary Party (PRI) countered that the privatization of the petrochemical industry was a violation of Article 27 of the Mexican Constitution. This article states that natural resources, including crude oil and its derivatives, are the collective property of all Mexicans. Instead of full privatization, the administration agreed to an alternate plan whereby the government would retain a 51% share of the petrochemical complexes (see SourceMex, 10/23/96). The additional 49% share of each complex will be sold to Mexican and foreign investors, beginning in the second half of 1997. Potential investors seek greater clarity on new rules. As expected, the changes in the terms of the privatization of the petrochemical sector created delays in the privatization process. Some potential bidders and members of opposition parties have complained that the Zedillo administration has failed to clarify the rules for private companies to submit bids under the new scheme. Deputy Carlos Alfonso Nuno Luna, a member of the opposition National Action Party (PAN), called on the Zedillo administration to immediately publish the procedures and regulations that will cover the partial privatization of the petrochemical complexes. Nuno Luna, secretary of the energy committee (Comision de Energeticos) in the Chamber of Deputies, said the clarification would increase guarantees for potential investors, especially foreign companies. "We

are waiting for the government to clarify this matter," said Dionisio Garza Medina, president of Grupo Alfa. According to Garza, the administration has yet to explain how the government will manage its 51% share in the petrochemical facilities. A key question, said Garza, is whether the government will operate each complex as a whole, or develop management units for every plant within the complex. (Sources: Reuter, 02/26/97; El Universal, 02/27/97; El Economista, 02/27/97, 02/28/97, 03/05/97; Associated Press- Dow Jones news service, 03/06/97; Excelsior, 03/04/97, 03/07/97)

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