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## **Congress Passes Controversial Labor-reform Bill**

*by LADB Staff*

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At the end of April, Congress approved a weak labor-reform bill that was criticized by all sides. Business said it was not adequately consulted, and labor said important protections were left out.

In May, Congress added another batch of reforms to the bill but is still being criticized for not doing enough. The reforms had been stalled since late last year until US pressure forced a hasty debate in Congress. The legislature, led by the governing Frente Republicano Guatemalteco (FRG), has been under pressure from the US to adopt a variety of labor reforms recommended by the International Labor Organization (ILO) or face the loss of trade preferences granted by the US under the General System of Preferences (GSP) and the Caribbean Basin Initiative (CBI).

In early May, 20 members of the US Congress asked US Trade Representative Robert Zoellick to exclude Guatemala from the trade benefits because the April reform bill did not go far enough to bring Guatemala into line with international labor standards. The reform package included seven measures agreed to a week earlier by business, represented by the *Comite Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras (CACIF)*, and representatives of organized labor. The reforms established rules for organizing a union, carrying out union elections, managing union finances, and conducting a strike.

However, the bill did not include all 37 reforms that the executive branch sent to Congress. It left out the right of campesinos to strike during harvest time, the right of state employees to strike, the prohibition of child labor, and other key reforms the unions wanted. Business says reforms would hurt investments. The business community has opposed additional reforms, arguing that they would drive up costs and discourage foreign investment. Since the bill included reforms that emerged from the labor-management negotiations, business leaders asked the US to respect the bill as passed.

Donald Rodas, representing small businesses, said the loss of trade preferences would result in unemployment and the "exportation" of surplus labor. Jaime Arimany, director of the *Camara de Industria de Guatemala (CIG)*, criticized Labor Minister Juan Francisco Alfaro Mijangos for including reforms in the administration bill that had not achieved consensus in the management-labor negotiations. Arimany said the bill should include only basic protections such as the right to organize a union and to strike.

The UN human rights verification team in Guatemala (MINUGUA) was disappointed with the bill. A MINUGUA statement said that the bill failed to meet the terms in the 1996 peace accords because it did not protect certain basic labor rights included in the human rights section of the accords. The statement said the government risked losing US\$600 million in trade revenues and 200,000 jobs if it did not bring the law code into line with all ILO recommendations. Among the reforms MINUGUA wanted to see in the bill were protections for female workers and domestic help.

Aristides Crespo, FRG majority leader, said changes might still be made in the bill before it went into effect around July 1. Then, on May 14, the FRG congressional majority added 28 more measures including the controversial right of campesinos to strike during harvests and increased fines against businesses who infringe on workers rights. But labor representatives said they were not satisfied with a provision allowing the president to declare a strike illegal if it interrupted essential public services and with the additional authority over labor issues the bill gave the Labor Ministry. The final bill still withholds the right to strike from public workers as well as from workers in the transportation, health, energy, telecommunications, and potable-water services.

Several opposition deputies opposed the additional reforms because the FRG had not sought consensus from business, labor, and the other political parties. There were also accusations that the FRG bowed to US pressures. Mario Flores of the Unidad Nacional de la Esperanza (UNE) asked, "Why do we have to allow other governments to come and tell us what to do? This affects our sovereignty."

CACIF president Mario Montano said the bill was "worrisome," because it favored foreign interests. With or without another round of reforms to add more worker protections, many critics say the bill would have little effect on labor rights since there is inadequate enforcement of the present labor code.

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