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### // The Mexican Labor Law Reform 2019

On time for the Mexican Labor Day on 1 May, the Mexican Government published an amendment of the Mexican Labor Law framework (the “Labor Law Reform 2019”). The Labor Law Reform 2019 focuses on collective bargaining, freedom of association and dispute resolution. It already entered into force on 2 May 2019.

Contrary to speculations in the media, the Labor Law Reform 2019 did not bring any changes to the “Outsourcing” regime. “Outsourcing” pursuant to Articles 15-A *ff Ley Federal del Trabajo* will remain to be an alternative for engaging personal.

The Mexican Labor Law Reform 2019 brought especially the following changes:

#### // CENTRO DE CONCILIACIÓN Y REGISTRO LABORAL

The *Centro Federal de Conciliación y Registro Laboral* (hereinafter *Centro de Conciliación*) was newly introduced by the Labor Law Reform 2019. The *Centro de Conciliación* will especially be in charge for labor law disputes in the first instance, for collective bargaining agreements and for the Unions.

The *Centro de Conciliación* will be a public body, decentralized from the federal government. It has technical, operational, budgetary and managerial autonomy. The *Centro de Conciliación* will together with the newly introduced labor tribunals replace the previous *Juntas de Conciliación y Arbitraje*.

The organic law establishing the *Centro de Conciliación* will be published within the following six months.

#### // EMPLOYER’S OBLIGATIONS

Employers are now obliged to provide free copies of the applicable collective bargaining agreements to their employees. The collective bargaining agreements have to be provided within 15 days after they have been deposited at the *Centro de Conciliación*. The employer has to

document that the employee received the collective bargaining agreement. The law suggests that the employee confirms the receipt by signature.

Employers have to implement a protocol to prevent gender discrimination, to provide attention in cases of violence and sexual harassment and to eradicate forced child labor. The protocol has to be implemented in accordance with the employees.

Employees must have detailed information about the terms of payment of their remuneration and the deductions from their remuneration. Thus, employers have to provide salary statements to the employee in printed form or by other appropriate means, such as *Certificados Fiscales Digitales por Internet* (electronic invoices issued by the competent tax authority).

#### // COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

In September 2018, Mexico ratified the ILO Convention No.98 (CO98) concerning the Application of the Principles of the Right to Organize and to Bargain Collectively. The Labor Law Reform 2019 now implemented the convention by adapting the following rights:

##### **Affiliation and Participation rights**

Members of the Unions, Federations and Confederations have the rights of free

affiliation and participation. Consequently, they cannot be obliged to join one of them.

These affiliation and participation rights may give employees more bargaining power in future wage and salary negotiations.

## **Election of Union leaders**

Union leaders' election procedures have to be based on a personal, free, direct and secret ballot of the members and have to be adjusted to democratic rules and gender equality.

Union leaders must not be elected for an indefinite time or for such a period, which may hinder democratic participation of the members.

## **Obligations of the Union Leaders**

Union leaders have to provide the members of the Union with a complete and

thorough report of the managing of the Union's assets.

## **Withdrawal of official registration**

The official registration of a Union at the *Centro de Conciliación* can be withdrawn if the Union does not adhere to its respective objectives or if its Union leaders engage in acts of extortion against employers.

## **// DISPUTE RESOLUTION MECHANISM**

As one of its cornerstones, the Labor Law Reform 2019 introduces a new mechanism of solving labor law disputes between employers and employees.

The *Centro de Conciliación*, which belongs to the administrative authorities, will decide on most of the labor law disputes in the first instance. In the second instance, labor tribunals will henceforth be competent for

most of the labor law disputes. These labor tribunals will belong to the judiciary.

The new two-step dispute resolution mechanism will replace the previous system before the so-called *Juntas de Conciliación y Arbitraje*, which are merely a part of the administrative authorities.

This newly introduced division between administrative authorities in the first instance and courts in the second instance shall improve checks and balances in labor disputes and subsequently reduce corruption and inefficiency.

The Labor Law Reform 2019 stipulates that the new dispute resolution system has to start operations within three to four years. In the meantime, the current system will remain in function until the labor courts and the *Centro de Conciliación* are fully incorporated and established in accordance with the Labor Law Reform 2019.

This article is no legal advice and is generic in nature. If you would like to discuss anything arising from this article, please contact:

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