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Labor Relations and the Development of the Aerospace Industry in Mexico

Dr. Rolando Javier Salinas Garcia[1]

Summary

This paper has the objective of providing a general overview of the structure of the aerospace industry in Mexico, and on the effect its development has had in the Queretaro Aerospace Cluster. Our main focus for analysis will be labor relations, how the working dynamics of unions are structured, and their effects on collective bargaining agreements. It is argued that a manufacturing industry as complex as aerospace makes use of the same immediate competitive edges once used by the exports manufacturing industry during its splendor. The final conclusion is that the fast development of the aerospace industry has greatly affected the rights of laborers because, starting with the new latest labor reform, the unions decided not to partake in crucial aspects of the management of aerospace companies, even when allowed by law.

Key Words: Unions, Labor Relations, Labor Flexibility, Aerospace Industry.

Structure and Development Context of the Aerospace Industry in Mexico

In the last few years Mexico has stood out as one of the countries that have received more Foreign Direct Investments (FDI) within the aerospace industry, surpassing others such as China, India, and even the United States (AeroStrategy, 2010). What is making Mexico such an attractive destination for aerospace investments? To be sure, low cost of manufacture and government benefits (infrastructure, special tax breaks, government aid for purchasing machinery and developing labor, etc.) have been the most enticing factors for aerospace companies. Currently Mexico holds the fourteenth position worldwide as supplier for the aerospace industry, mainly because production in the country is 30% cheaper that in the United States, 40% cheaper than in Europe, and 50% cheaper when compared to Japan (ProMexico, 2014). Within the industry, Mexico remains at the forefront of the Low Cost

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Countries, offering costs 11% lower than those of China and 3% lower than those of India. When compared to the United States, costs for companies in Mexico are 21% lower. This low cost has historically been one of the main factors that promote the relocation of American companies along the Mexican side of the border (AlixPartners, 2011).

Various factors have allowed for the development of the aerospace industry in Mexico, however, two stand out above the rest: regulatory and institutional factors. Regulatory factors include the Bilateral Aviation Safety Agreement (BASA) in 2007, through which the FAA (Federal Aviation Agency) of the United States certified the Mexican General Bureau of Civil Aviation (DGAC) as an entity with the powers necessary to certify aerospace products and services. Argentina and Brazil are the only two Latin American countries, beside Mexico, to receive this certification; among the countries which traditionally take advantage of low labor costs through BASA agreements are India and China. Certifications granted to Mexico include: *i)* Aircraft and Components Certification (IPA); *ii)* Repair Shop Certification (MIP); *iii)* Simulator Certification (SIP); *iv)* Environmental Approvals *v)* Approval and Supervision of Maintenance and Flight Personnel, etc.

Also, Mexico's strategy for competing in the European aerospace market has gone down a different path than that used for American companies. Although European aerospace companies do have an important presence in the country, certifications granted by the European Aviation Safety Agency (EASA) to firms located in Mexico are mainly for the purpose of validating maintenance, repair, and operation activities (MRO)[2]. Due to this fact, academic institutions such as the Universidad Nacional Aeronautica de Queretaro (UNAQ) and some other two-year and junior colleges intend to have their graduates come out already certified by the EASA to provide MRO services to aircraft carrying European licenses. This item, the purpose of which is to consolidate a Euro-Mexican aerospace cluster, has long been a part of the strategic agenda agreed between Mexico and France.

[2]There are 8 companies that have received a certification from EASA, and practically all of them offer MRO services: 1) Chromalloy S.A. de C.V.; 2) ITR Turboreactores S.A. de C.V.; 3) Mexicana MRO; 4) A&P International Services S.A. de C.V.; 5) Ensambladores Electrónicos de México S. de R.L. de C.V.; 6) MessierServicesAmericas; 7) SnecmaAmericaEngineServices; 8) Ametek Reynosa Service Center.

EASA certifications will allow graduates to join aerospace companies specialized in MRO and to make a career in them. Airlines that use aircraft licensed in Europe will reduce costs in developing personnel to perform their maintenance and repairs because Mexican Universities and Tech Institutes will perform the required training; this will also cut in the cost of bringing training and instructors from abroad. This places Mexico in a very important strategic position, which will allow companies such as Airbus to explore new markets without suffering the limitations imposed by high aircraft maintenance and repair service costs. EASA certifications can be the foundation for European firms to gain entry into the aerospace market of the United States, which is the largest in the world.

In regards to institutional conditions, both the federal and state governments have developed programs to promote the relocation of new aerospace companies and the development of those which already have presence in the country. These programs offer direct benefits to aerospace firms, which include infrastructure for production operations, testing labs, tax breaks, financing for equipment and machinery, and training of labor. These benefits offered by the government have caused that the most significant investments of the aerospace industry in Mexico are focused in manufacture and component assembly. The supply chain that includes the aerospace firms located in Mexico is diversified in regards to original aerospace equipment manufacturers, which means that the suppliers located in Mexico work with the largest (Boeing and Airbus), midsize (Bombardier and Embraer), and the smallest (Beechcraft and Cessna) commercial aircraft companies. However, the percentage of components produced in Mexico which are actually part of the aircraft and the number of models these components are manufactured for are still low.

The support for aerospace companies has not been limited to formal programs; informal mechanisms thriving to generate investment certainty and development plans for aerospace firms have also played a crucial role. Handling labor relations within the aerospace sector has been paramount for the government, especially at State level. A strategy that gives direct control of labor to the unions has been documented in the State of Queretaro. State authorities, working jointly with the unions, offer highly-flexible collective bargaining agreements to aerospace companies, which grant the company the undisputed power to

decide in managing production processes and labor without tenuous negotiations with the unions.

What is the structure of the aerospace industry in Mexico? The aerospace industry in Mexico includes some 253 aerospace companies, spread throughout 18 States, and employs more than 34,000 workers. Baja California is at the top with 59 aerospace companies located within its territory, followed by Chihuahua (36), Querétaro, Sonora (34), and Nuevo Leon with 24. In terms of employment opportunities, out of the 15 companies with more than 500 employees, Baja California has eight; Queretaro, three; Chihuahua, two; and Coahuila and Tamaulipas have one (FEMIA, 2013). In regards to production, the manufacture of aerospace components and structures represents the largest portion of activities performed by aerospace companies in Mexico with 76.56%, followed by maintenance, repair and operations with 11.33%.

Engineering and design activities have a marginal presence in Mexico, with only 5.86% of the sector performing them. The most important research centers located here are those of Honeywell and General Electric. It is important to mention that an issue in the identification of research and development centers is that they incorporate in this classification activities that would be better classified as lab testing. This task is entrusted mainly to the network of research centers that are part of the National Council for Science and Technology (CONACYT). Despite the fact that manufacture is the most important productive activity within the aerospace industry, it was possible to determine that only 57.63% of aerospace firms have an AS9100 certification, while 79.31% do not have an MRO certification.

Now, notwithstanding the fact that Baja California is the State that houses more aerospace companies in the country, Queretaro is one of the leading states in receiving the most important aerospace projects in Mexico. The State of Queretaro is home to Bombardier Aerospace, dedicated to the manufacture of executive and regional aircraft, and Airbus Helicopters (formerly Eurocopter), which are two of the most important aerospace OEMs worldwide. The State also houses eleven Tier 1 units, the most important of which are the five property of Grupo Safran. Aerospace infrastructure has also been renewed through the

development of the Queretaro Aerospace Complex as a result of the phenomenon of relocation of aerospace firms. This complex required an investment of 200 million Dollars (IMCO, 2008), which were used in the construction of the International Airport of Queretaro (AIQ); in the creation of the Queretaro Aerospace Park within the AIQ, and the creation of the University of Aeronautics of Queretaro (UNAQ) with access to the AIQ.

The aforementioned reasons have resulted in the establishment in Queretaro of one of the fastest-growing aerospace centers in the country. Given the latter it is important to learn how the dynamics of employment have come to be within the aerospace industry in the region as a result of the arrival of these companies. Labor relations are very important within the aerospace cluster because the companies that integrate it make intensive use of labor and, as a result, the presence of unions that protect the interests of the companies becomes fundamental to reduce labor conflict.

Labor relations in the aerospace sector.

The results of the *Survey on the Aeronautics Sector in the State of Queretaro* showed that complex manufacturing industries, such as aerospace, often replicate the competitive edges once exploited by the Exports Manufacturing Industry. Although this statement may very well seem contradictory, given the fact that the differences between the two are apparent, the Exports Manufacturing Industry performs simple manufacturing, while the aerospace sector requires highly specialized, and highly regulated, productive processes. Which are the similarities between the Exports Manufacturing Industry and a high-specialization sector such as the aerospace industry? At business-strategy level both place al productive processes which require a high degree of specialization of labor in peripheral countries. The most important firm in the aerospace sector in Queretaro is Bombardier Aerospace, which performs, almost exclusively, productive activities for structural and electrical components which, although complex, do not achieve the level required to generate an end-product aircraft. For manufacture processes performed in Mexico, the most developed and complex phases, including engine installation and avionics, are performed mainly in the United States or Canada, depending on the model being manufactured.

Under this business model, the strategy which allows for increasing profit margins consists of relocating production activities that yield low added value and are labor intensive to countries such as Mexico. The immediate result is a cheapening of labor costs due to the differences in wages between workers from the United States, Canada, and Mexico. If the chosen business strategy is low labor cost, a very important item to be taken in consideration by the companies that do so is the type of labor relations that they wish to establish, and the collective bargaining model required to keep the unions and workers under control. At collective bargaining agreement level, the results yielded by their study aim towards a labor-management model between the aerospace companies and the unions, with a high degree of flexibility.

In the face of the situation, the importance of labor relations in the generation of conditions of competitiveness required by the companies for their development is undeniable. It makes clear that, if the objective is to be competitive in the global market, not everything aims towards technological innovation, industrial development, or transfer of technology, especially in developing countries. Having a labor relations model that ensures control of the workforce through the unions and the government is fundamental to provide certainty to the aerospace firms and guarantee their proper functioning. There is no doubt that the aforementioned refers to what is known as *union corporatism,* which is described as *"a type of relationship between the government and the unions, with both political and economic-productive functions […] a specific correlation between production and labor relations"* (De la Garza, 1993: 47). The model for the Queretaro aerospace sector includes unions, which are aligned to the economic objectives of the companies and the political interests of the State, regardless of their partisan affiliation. *Unions are more interested in continuing in control of the collective bargaining agreements than defending the rights of the laborers.*

Regardless of political transition, which was thought would generate unions with a higher degree of autonomy, and which also revived the debate on the creation of neo-corporatism, the truth is that *"without regard to the partisan affiliation of the current administration, union control is applied through the same mechanisms"* (Gatica 2007: 77). The most fundamental aspect continues to be ensuring the monopoly in the representation of the collective

bargaining agreement is maintained. This situation has led unions to relinquish contractual clauses that are crucial for production-process management and labor relations of the aerospace companies located in Queretaro. We are far from experiencing a *social corporatism*, which generates negotiations such that all stakeholders involved in the labor relations system are benefitted (Gatica, 2007); therein lies the utopia. The statement of this article is rather the existence of the classic *company union*, with limited wiggle room for action in the management of the company, and aligned to the labor policies of the State.

The analysis model developed by De la Garza and Bouzas (1998) was used in analyzing the collective bargaining agreements. In total 28 collective bargaining agreements[3] from 14 different aerospace companies were analyzed. Results showed that practically for all four indicators assessed (*numerical flexibility*, *wages flexibility*, *technological flexibility*, *and functional flexibility*) the level of labor flexibility is altogether high. Unions renounced to partake in fundamental aspects of the functioning of aerospace companies and workforce management. What where the concrete results yielded by the study? In regards to the *Numerical Flexibility* indicator[4], it is noteworthy that the income of the labor force of the company (union workers) is agreed between the company and the union only in 19.2% of the cases, while 80.8% of the wages are established unilaterally by the company. However, it is specified that the company shall notify the union so the worker can be registered in the corresponding union section, which is in control of the collective bargaining agreement, so the applicable union dues can be deducted. It is important to stress that, in the first collective bargaining agreements signed between companies and unions, the latter were agreed to provide the company with all the labor it required. However, evidence proves that aerospace companies themselves take care of recruiting and selection. The workers join the union merely to fulfill an administrative requisite, rather than out of trust in it.

[3] Companies and collective bargaining agreements studies: Bombardier Aerospace (4), Turborreactores, S.A. de C.V. (4), Snecma México, S.A. de C.V. (1), MessierServices México, S.A. de C.V. (3), Messier-Dowty México, S.A. de C.V. (2), Navair de México, S. de R.L. de C.V. (2), Meggitt Aircraft Braking Systems Querétaro, S. de R.L. de C.V. (1), SnecmaAmericaEngineServices, S.A. de C.V. (1), Kuo Aerospace, S.A. de C.V. (1), Aernnova Aerospace, S.A. de C.V. (1), Galnik, S.A. de C.V. (3), Elimco, S.A. de C.V. (1), Especialistas en Turbopartes, S.A. de C.V. (1), AxonServices, S.A. de C.V. (3).

[4]The Numerical Flexibility Indicator refers to the capacity that a company has to adapt the number of workers and the requirements and needs of the production process, as well as the level of participation of the unions.

The advocacy capacities of the unions are also limited in regards to the *hiring of temporary workers*. 96.2% of hiring of temporary workers is at the undisputed discretion of the company, and only 3.8% of the positions are not included within this category. It is also important to mention that those cases in which the collective bargaining agreement fails to specify the participation of the union or the company in certain clauses generally result in the company deciding in its own favor. One more element that points out to the loss of power by unions in the aerospace industry is that the hiring of temporary workers also includes some activities that are regularly performed by union workers. The collective bargaining agreements stop at specifying that temporary workers will be used, if so required by the needs of the productive process of the company, at the unilateral discretion of the latter to determine if they are needed.

The same figures apply for the *employment of subcontractors*. Whenever the company requires additional services, maintenance, machinery installation, consulting services, among others, 96.2% of these activities are performed by subcontractors hired by the company at its own discretion. This is true even in cases in which the subcontracted activities are generally performed by positions occupied by union workers. As for the indicator related to *mobility between shifts*, only 3.8% of changes are made through an agreement between the company and the union. 3.8% is not specified in the collective bargaining agreement and 92.3% is free for the company. This item makes clear that work control by the company is close to total, and the workforce has to make do with the modifications decided unilaterally by the company, which can be the result of an increase or decrease in the demand of the product manufactured. Control and management of the workforce does not go through negotiations with the unions; aerospace companies decide unilaterally.

For the *overtime work* indicator, 88% of the workers are obliged by the collective bargaining agreement to work overtime, according to the needs that the company identifies throughout the production process. Only 8% of the contracts establish that overtime will be agreed between the company and the union, by establishing a mechanism through which the former will notify the latter, and the latter in turn will appoint the personnel that will work the overtime. 4% of the contracts analyzed fail to establish the way in which overtime will be

worked. For *work in mandatory days off*, 44% of collective bargaining agreements establish that employees are obliged to work on their day off if so required by the company. The company has the obligation to notify the worker as late as one day in advance to the worker's day off. 20% of the collective bargaining agreements fail to establish mechanisms for work on mandatory days off, and 36% state that workers will only work on their day off as per agreement between the company and the union. Despite the fact that 36% of the contracts do mention bilateral negotiations for work in mandatory days off, this clause requires the company only to notify the union of the personnel required, and no negotiation is needed if the union agrees or does not agree to the workers working on their mandatory day off.

One of the crucial points to show the degree of flexibility of collective bargaining agreements is the *termination of base personnel*. For this indicator, 38.5% of the companies are free to remove base personnel according to their own internal conditions. 46.2% of the collective bargaining agreements specify that termination of base personnel will be carried out through an agreement between the company and the union, although it is important to note that, as it happens with mandatory days off, the agreement between the company and the union refers only to the company notifying the union of the personnel being removed, and not to the union actually defending the positions being suppressed. Only 15.3% of the collective bargaining agreements do not contain a clause that establishes the modus or mechanism through which base personnel can be removed. In summary, this section shows the low bargaining leverage of the unions to prevent termination of the workers or to generate alternatives that would allow for the preservation of the corresponding positions.

As for the second indicator, *Flexibility of Wages*[5], the results obtained show that, in regards to *promotion criteria*, 84.6% of the collective bargaining agreements establish considerations which are a mix of training taken by the employee and seniority. Promotion criteria are important, because through them the workers gain access to better wages. Rigid promotion criteria contracts rely more on seniority, and less on training or professional performance of the worker. On the other hand, 15.4% of the contracts analyzed do not specify the form in

[5] The Wages Flexibility Indicator measures the way in which wages are regulated in aerospace companies, and how the unions affect this matter.

which promotions will occur, so it is understood as a discretional power of the company to decide who will be promoted. It may be of interest that *punctuality or attendance bonuses or incentives* are not a common happening in the analyzed aerospace firms, given that 84.6% of these companies are not in the habit of paying these bonuses or incentives, and 15.4% of the collective bargaining agreements neglect establishing the granting of punctuality or attendance bonuses. As for *productivity or quality bonuses*, the results are similar to those of the previous indicators, where 84.6% of the companies analyzed do not pay productivity or quality bonuses, and the remaining 15.4% does not have any specifications on this matter. Aerospace companies do not regulate bonus payment through the collective bargaining agreement.

These facts make for significant differences with other industries. In manufacture, for instance, bonuses are used as a strategy to promote productivity (Carrillo, Martinez, Salinas, and Lara, 2010). For the managerial personnel interviewed, the fact that no quality bonuses are paid in the aerospace sector is due to the fact that quality is non-negotiable; it is a duty of the worker to perform its productive activities under specific quality criteria, so economic incentives should not be required. However, *other kinds of bonuses* are paid in food stamps, and they are regulated in 59.3% of the collective bargaining agreements of aerospace companies. Only 40.7% of the analyzed companies do not provide any bonuses different to those described in the foregoing paragraphs. It could be said that, in aerospace companies, productivity and quality bonuses are not established as mechanisms that allow for increases in productivity. Productivity bonuses are only established in the oldest aerospace companies in the state, and they are not used in any of the recently-installed companies.

As for the third indicator, *Technological Flexibility*[6], one can observe a trend towards the companies making decisions unilaterally in regards to their functioning. There is little-to-no *participation of unions in technological change*; 80% of the collective bargaining agreements give powers to decide on these aspects exclusively to the company. 15.4% of the contracts fail to specify this, so it is understood that, if it is not regulated, it is an exclusive power of

[6] The Technological Flexibility Indicator refers to the capacity or autonomy of the company to make changes to the work organization without the need to consult the union.

the company. Only 4.6% of the contracts analyzed contain provisions that establish that any technological change will be made bilaterally, which means that a negotiation between the company and the union is required. For *participation of the union in establishing new work methods*, 84.6% of the collective bargaining agreements state that the union will not have a say in these matters, and that it is an exclusive right of the company to perform all changes to work methods as it sees fit. 15.4% of the contracts do not specify if the union should partake, so the final say in these matters is at the discretion of the company.

According to the indicator of *participation of the union in changes to work intensity*, the union does not participate at the time of deciding if work intensity should increase, and 15.4% of the collective bargaining agreements do not contain any provisions to this regard, so in practice, any such decision is a right reserved to the company. Functional Flexibility[7] indicators are also not radically different to other categories of the present study. The trends observed in this item are that placement and modification of job descriptions are made at the discretion of the company. In regards to *mobility between positions and categories*, 88.5% of the collective bargaining agreements establish freedom of actions for the company, and 11.5% fails to establish provisions in this matter. As for polyvalence, 80.8% of the contracts do not establish a regulation modus, or if it should be promoted through the payment of bonuses or incentives. Finally, only 19.2% of the collective bargaining agreements establish these moves will be promoted through an agreement between the company and the union. Again, what can be observed is that polyvalence is only taken in consideration in the first few aerospace companies established in Queretaro.

Conclusions of the study

In light of the information gathered, it is clear that there is a high level of flexibility in collective contracts in the aerospace sector, because the most important decisions regarding the functioning of the company are made unilaterally, and in favor of the aerospace firms, leaving the unions behind. Another very important aspect is that, in those aerospace companies in which the union section is in charge of the collective bargaining agreement, the

[7]The Functional Flexibility Indicator allows the analysis of how the company modifies the functions that are performed by their workers and the level of participation of the union.

latter is practically the same, even when the products manufactured by the aerospace firms are different. A very important aspect worth highlighting is that there is a process that aims to give control of the contracts to unions located in Queretaro. The argument for this is that unions located outside the state are not aware of its particularities, and a union representation is required which is sensitive to union practices developed within the industrial context of Queretaro.

Granting control of the collective bargaining agreement to Queretaro-based unions speaks of a trend towards a higher degree of control of labor relations in the aerospace sector by State authorities. The State government should guarantee *labor peace*, and negotiations with local unions allow for a better control, since these can adapt to accommodate the interests of aerospace companies looking into coming to Queretaro. Without regard to the partisan affiliation of the current administration, the unions of the state have negotiated control of the collective bargaining agreements according to the requirements of the state authority and the aerospace firms. Also, some out-of-state unions have been detected trying to infiltrate the new aerospace companies installed in Queretaro.

This infiltration is accomplished through recruiters which, as shared by a manager of one of the affected companies, engage the workers outside the companies and try to create unrest in them towards the union in holding of the collective bargaining agreement. Despite the fact that this practice is becoming more and more common, no union issues have occurred as a result of the holding of the contracts. Bombardier Aerospace, which is the most renowned aerospace company in Queretaro, has partaken in this trend of renegotiating the holding of the collective bargaining agreement and giving it to local unions. It is noteworthy that 50% of the aerospace companies which participated in the present study have locally instated unions as holders of their contracts. Out of the rest of the companies, 35% are in holding of a union focused on the aerospace sector which is part of the CTM: the National Union of Workers of the Harness, Electrical, Automotive, and Aeronautics Industries.

The trend towards collective hiring and labor relations of the aerospace industry in Queretaro shows the existence of highly-flexible contracts, as well as a kind of *local corporatism* based

on what Lucena (2000) called the *"pactism"*. This model has the purpose of concentrating rather than confronting. However, in the specific case of the aerospace workers of the State of Queretaro, this type of negotiation has left in the hands of the companies and the state government the negotiation of labor conditions. Unions simply accept the imposition, which results in contracts that are highly beneficial to the aerospace firms. For Queretaro, pactism has the purpose of ensuring *labor peace* in the State, and it is showcased as an achievement that no high-impact strikes have occurred in the last two years.

It is clear that the situation of collective hiring and labor relations in the aerospace sector in Queretaro has received a lot of attention both from the companies and from the government authorities. Whenever an aerospace company has decided to come to Querétaro, it has been provided with information on the "*most convenient*" union for it, which generally is the one to which they will finally lean (López, 2010). The level of participation of the government in managing the labor environment without union disruptions is readily apparent. Government authorities weigh-in so the worker groups align with the interests of the aerospace companies, in exchange for the latter handing over the holding of the collective bargaining agreements.

This situation brings on a scenario in which the State becomes a warrantor of the investments made by the aerospace companies by giving them the certainty that any labor problems will be contained as much as possible through the unions, which are willing to abide to the labor stability policies established by the local government and by the management of the companies. This, however, is not new. This phenomenon has been observed previously as part of the labor relations strategy that is carried out in Mexico; "*labor and union relations in Mexico are subject to the economic and political needs of the states and the companies*" (De la Garza, 2003). For the aerospace sector in Querétaro, this matter becomes more complex because the beginnings of the industry in the State occurred during the administration of the National Action Party (PAN), and the main workers union (CTM) was not a part of its political structure.

The concept of corporatism acquires a different dimension as a result of these characteristics, because it became necessary to redefine its classical conception of "*a relationship of*

subordination of the unions to the State" (De la Garza, 1994). In Mexico, the partisan component is crucial to analyze the concept of corporatism, because the union groups are bound to the political structure and the interests of the Institutional Revolutionary Party (PRI). De la Garza (1993) shed some light on the matter by stating about union neo-corporatism that "*its discourse speaks of dialogue in the productive field, and a higher level of autonomy with respect to the State".* The so-called autonomy of the Union from the State is based on the possibility of establishing negotiations with other partisan entities which guarantee the representation of the workers, rather than in removing itself from the tutelage of the State.

This neo-corporatism model is far from autonomous, because the dialogue capacity between the partisan stakeholders occurs with the purpose of seeking to represent the workers, and not to defend their union rights. Empirical evidence from the analyzed collective bargaining agreements from the aerospace industry in Queretaro shows that unions often make pacts where the rights of the workers are subordinate to the interests of the State and the companies. Within a global context in which aerospace companies seek to settle in a stable environment that is safe for investments, the pact between the State, the company, and the unions generates a common front which helps in eliminating problems derived from the relation between capital and labor. Although it is true that the union loses autonomy being subordinated to the State and the company, the fundamental issue is that the workers suffer the consequences, because despite belonging to a union, they lack an effective structure that allows for the defense of their rights.

A labor conflict that is a clear example of the latter occurred when a group of former workers of Bombardier Aerospace organized a demonstration outside the facilities of the company to protest their alleged unjust termination, and also that the company was not respecting the initial payment terms promised to the workers. The government, in collaboration with the union that represented the workers, created a united front which prevented the company from having its interests affected negatively. The possibilities for mobilization by the workers in defense of their labor rights are facing a contradiction, because their support structure, which is the union, has lost legitimacy and leverage for negotiation, because it is bound to the

interests of the State and of the aerospace companies. The wild flexibility of the collective bargaining agreements, the pacts between the government authorities, and the aerospace firms with the local unions generate labor relations that leave the rights of the workers behind.

These control strategies for labor relations in Queretaro are founded in a configuration which includes *i)* the government, and its objective of maintaining an environment of labor stability that is beneficial to the companies it seeks to attract, or to those that are already in the State; *ii)* the companies and their interest in giving certainty to the investment they make, and *iii)* the unions that seek to acquire a broader foothold in union representation through the holding of collective bargaining agreements. The interests of the State, of the companies, and of the unions, configure a pact which ensures direct benefits to the three: *for the State, the main benefit is the labor peace which it offers to the companies; for the companies, the advantage is they decide unilaterally their way of management without regard to labor rights; and the union strengthens its presence in the companies and increases the number of workers represented through possession of the collective bargaining agreements.*

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