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Regionalism and the Agenda 2030: Inequality and Decent Work in Mexico

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Abstract

The present study analyzes the limits of regionalism in achieving SDG 8, with a focus on the Mexican reality. It is based on the hypothesis that the role of the national government is decisive for incorporation of the Agenda 2030 in cases of regionalism based on an intergovernmental dynamic. We argue that NAFTA had a limited impact on improving working conditions in Mexico, as it only affected export-oriented regions and sectors. Since 2019 there has been an increase in the minimum wage, which can be explained not only by enforcing the USMCA, but also by a compatibility between internal and external agendas. Therefore, the case of Mexico allows us to affirm that the national government was decisive for the incorporation of the Agenda 2030 in the context of intergovernmental agreements.

Keywords: Regionalism; Agenda 2030; Mexico; Inequality; Decent Work; NAFTA.

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Introduction

Regionalism encompasses diverse processes which cover a certain geographic, cultural, political or economic region, with characteristics that allow for their identification and specificity. These may include elements such as language, customs, traditions, gastronomy, forms of social organization, values and natural aspects. Furthermore, there are different levels of regionalism that may include domestic and transnational phenomena.

Some processes of regionalism have arisen in opposition to globalization, as a form of resistance and protection of regional particularities, whereas others are strongly intertwined with global dynamics, often being important instruments for insertion in the international system. It is in this second group that we find the processes of regional integration.

From the 1980s onwards, there has been a proliferation of regional economic arrangements. There has been a remodeling of existing processes to adjust to changes in the international scenario, such as the European Union, the Andean Community, the Latin American Integration Association (ALADI), as well as new projects like the Southern Common Market (Mercosur), the North American Free Trade Area (NAFTA) and the Pacific Alliance. These integration processes aim to increase the economic interdependence between member countries (Hirst and Thompson 2009), which is reflected in their primary focus on trade and economic aspects. In a way, the prevailing post-cold war neoliberal perception remains, which linked the issue of economic liberalization with the promotion of development.

An example of this preponderance can be found in the Agenda 2030, established in September 2015 within the framework of the United Nations (UN) and composed of seventeen Sustainable Development Goals (SDGs). The Agenda covers a wide range of topics, such as: eradicating poverty and hunger, combating inequality, promoting health, education, combating climate change, environmental conservation, promoting peace and democracy, decent working conditions and economic growth. Of all the SDGs, the fight against climate change has been most debated and disseminated in the public opinion. On the other hand, the issue of decent working conditions is among the SDGs that have received the least attention. There would seem to be an assumption that the incorporation of environmental concerns into productive and economic processes would naturally promote an improvement in working conditions. And, again, we seek to reinforce the association between economic liberalization and its potential benefits for the working class.

In the 2030 Agenda, the 193 nations that make up the UN took on a commitment to implement policies to achieve the proposed goals. Regional processes can also contribute to this, whether by stimulating certain agendas or cooperative actions aimed at implementing the SDGs. Thus, the objective of this article is to analyze the limits of regionalism's contribution to achieving the SDGs with a focus on the Mexican reality. We start from the hypothesis that the disposition of the national government is decisive for the incorporation of the 2030 Agenda in cases of regionalism based on an intergovernmental logic. To verify this assumption, we have analyzed the behavior of the Mexican government in relation to SDG 8 - Decent work and economic growth, based on its participation in NAFTA. The choice of this case is due to the fact that this process meets the requirements of the analysis (i.e. intergovernmental integration) and has a specific complementary agreement focused on the labor issue.

Our analysis is designed as a case study, based primarily on documentary research. We have employed the historical institutionalist approach as a theoretical basis (Steinmo 2008; Pierson, 2004; Collier and Munck 2022), assuming that the signing of NAFTA can be considered as a critical conjuncture which pressured the Mexican government to change the institutionality related to the labor issue. The present study seeks to demonstrate how path dependence has conditioned these changes and limited advances, showing only incremental progress.

The first part of this article presents the theoretical discussion that involves the theme of inequality, work and development, taking into account the fact that NAFTA is marked by a profound asymmetry between its participants. The following section starts from an analysis of the North American Agreement on Labor Cooperation (NAALC), which established the NAFTA rules regarding the issue of labor. It verifies the evolution of this regulation until the signing of the United States-Mexico-Canada Agreement (USMCA), in addition to indicators on the issue of work in Mexico from the targets of SDG 8. The third section shows the evolution of labor reforms since the creation of NAFTA in 1994 in order to verify our hypothesis, based on the assumption of path dependence and the incremental nature of the process in Mexico. Finally, the last section outlines the conclusions and a reflection on the contribution of regionalism in the case of national interest agendas.

Inequality and poverty in contemporary Latin America

Inequality in Latin America remains high and persistent. According to data from the 2022 World Inequality Report, the richest 10% have about 54% of income and the poorest 50% only 10% (Chancel et al. 2022). Fifteen years ago, the data were not very different. Analyzing the 2007 Gini coefficient of middle income countries in the region Mexico was in the middle group along with Chile and Peru, while Brazil, Bolivia and Paraguay made up the group of countries with the greatest income inequality (López-Calva and Lustig 2011).

However, between 2005 and 2015, there was a reduction in poverty levels, extreme poverty and income inequality in seventeen countries in Latin America. This is associated with an "improvement in wages in less favored sectors and an increase in monetary transfers from governments to those sectors" (Calderón and Castells 2021, 27). During this period, this trend was not observed at the same pace in other regions of the world. After 2016 inequality started to rise again in the region, and with the Covid 19 pandemic, poverty and extreme poverty rates were above those recorded in 2019 (Economic Commission for Latin America and Caribbean 2022).

Although the decrease in both poverty and inequality indicators in Latin America in recent times has been modest, the fact is that inequality in the world has declined in very specific periods. According to Milanovic (2016), world inequality in the period 1820-2011 stopped increasing only between 1988-2011 due "to progress in Asia coupled with a slowdown in the West" (Milanovic 2016, 122). This was especially true for China, where the increase in income was faster and reaching more people.

In the period between 1945 and 1980 there was a significant reduction in inequalities in nations where democratic capitalism was in force (Streeck 2012; 2019), that is, workers achieved a higher standard of living, jobs with better wages, ample social and economic rights. The 1980s on the other hand were marked by a return of inequality (Atkinson 2016). This development was driven by the neoliberal revolution of the 1970s (Streeck 2019), and since then we have experienced a process that seeks to neutralize democracy and depoliticize various dimensions of social life. According to Brown (2019, 68), it seeks to dethrone politics and limit and contain the political, that is, the public sphere in which "common existence is thought, shaped and governed". Since that time, the reemergence of inequality in the world has produced brutalities of different types, this time under the guise of austerity. In the United States, one of the members of the USMCA, this shift shaped what Milanovic (2020, 24-25) called "liberal meritocratic capitalism", in which "the share of capital income in total income" has been growing since the end of the 20th century. This implies that "capital and capitalists become more relevant than work and workers, thus acquiring more economic and political power". According to the World Inequality Report (Alvaredo et al. 2020), the income of workers in the United States grew by only US$ 200 between 1980 and 2016. Added to this is the fact, according to Milanovic (2020, 23), that "inheritance taxation and more widely available public education" were reduced. These trends, according to the author, although strongest in the United States, have also been observed in other countries of the Global North.

After the 2008 crisis, the issue of inequality once again occupied a prominent place in academic production and public debate. An important part of the literature has been devoted to explaining the political and economic nature of inequalities within nations, and how they weaken democracies and hamper the full exercise of citizenship, as well as proposing strategies to transform this reality. Among the issues addressed in the literature are: the relationship between democracy and inequality, inequalities and the rise of radical right-wing platforms, global inequality and development, and the impoverishment and loss of status of the middle class, among others. (Menezes et al. 2022).

In Mexico, the trajectory of inequality over the last eighty years has kept the country among the most unequal when looking at data on income and wealth: the richest 10% earn about 60% of all income and likewise possess 79% of all wealth (Chancel et al. 2022). Redistributive policies have not sufficed to change this reality (Cordera 2017). Socio-occupational stratification reveals how different dimensions of inequality affect women, young people and unskilled workers more. The reality of the labor market, when compared to other middle-income countries in the region is similar. Gender inequality, low wages and a lack of employment for the young population persist (goal 8n.1), in addition to low job protection. The sectors that most employ women, such as commerce, restaurants, hotels, the manufacturing industry, generally pay low wages. On the other hand, the sectors with higher wages, more incidence of formal work and that require more qualification or schooling are mostly occupied by men (Baron and Scuro, 2023). Furthermore, informality and precariousness of the labor market leave almost half of workers excluded from any labor protection. Target 8n.2 seeks to reverse this scenario.

Decent work in NAFTA and USMCA

Since it came into effect in December 1994, NAFTA has had a limited impact on improving working conditions in Mexico. NAFTA predates the Agenda 2030 by 20 years, but even so, two important aspects later incorporated into the SDGs were already mentioned in the agreement, being the environmental and labor issues.

Since the beginning of the NAFTA negotiations there have been strong doubts about the process, as it was the first initiative to promote a regional agreement involving highly asymmetric countries. The United States was the largest economy of the world by far, with Canada and Mexico occupying the 8th and 10th place, respectively. The US economy was about ten times the size of Canada's. Understanding the architecture of NAFTA was the subject of important studies (Robert 2000; Santos 2007; Cánovas 2010).

Unlike Mexico, the Canadian economy was already more integrated with the United States, and a free trade agreement existed between the two countries. The main disparity in economic and social indicators was Mexico, which had a smaller GDP and much lower per capita income than the other two partners: US$ 5,910 compared to US$ 22,300 in Canada and US$ 35,060 in the USA[1]. Moreover, Mexico presented great disparities in social indicators, in particular illiteracy in the population over 15 years old, social inequality and infant mortality.

Therefore, the entry of Mexico generated a strong distrust within the US because it represented the incorporation of a Latin American country plagued by poverty, economic instability and a history of significant undocumented immigration into the US. Faced with this disparity, the impact of NAFTA on the other two economies was questioned, with fears on both sides of the Rio Grande.

According to Gilpin (1987), the international context had promoted a redirection in US trade policy, notably the relative decline of US leadership in the face of the economic rise of the European bloc and Japan in the 1980s. These developments redirected American trade strategy from multilateralism to bilateral and regional agreements. The NAFTA negotiations, as well as the Initiative for the Americas can be viewed as part of this shift.

NAFTA is essentially a trade agreement based on an intergovernmental logic that depends on a consensus between the governments of the three member countries (United States Trade Representative 1994). For Canada and Mexico, NAFTA represented guarantees and facilitation to access the US market, while the US sought to increase its bargaining power at the international level, resolve growing tension on the border with Mexico and ensure the supply of Mexican oil.

In this sense, despite initial suspicions, the election of Bill Clinton as president in 1992 did not alter the direction of trade policy. Ratification in the US Congress was only possible after the inclusion of two complementary agreements to NAFTA: the NAALC and the North American Agreement for Environmental Cooperation (NAAEC). The purpose of these agreements was to appease the resistance of democratic parliamentarians who saw the trade agreement with Mexico as a threat to environmental and labor policy because according to them, Mexico had much more lenient and permissive legislation in those areas. In the view of some American politicians,

[1] Information found at The World Bank. www.worldbank.org.

Mexican competition based on less stringent regulations could cause a diversion of investments and harm the US economy.

The imposition of the NAALC negotiation by the United States ended up being justified that in this way the integration process would not only promote economic gains, but also contribute to improving standards with regard to labor and environmental legislation, especially in Mexico. Its execution provided for cooperation between countries based on information exchange, technical advice and consultations, including the possibility of imposing trade sanctions for non-compliance (United States Trade Representative 1993).

In short, the NAALC established obligations for all three governments to ensure that labor legislation promotes improvements in living and working conditions, as well as compliance with labor laws. In cases of litigation, free access to legal instances competent to judge the application of labor laws was to be assured through fair, equitable and transparent procedures, so that all legislation and regulation relating to the world of work is promptly publicized, in addition to promoting increased awareness of labor laws and rights in the respective national societies (United States Trade Representative 1993).

Perhaps the most interesting aspect of the NAALC is the organizational structure put in place to ensure its implementation and oversee its functioning. In this sense, the agreement created both international and domestic institutions. At the international level, the Commission for Labor Cooperation (CLC) was set up, composed of a Council and a Secretariat. The Council is the Commission's decision making body, with a high ranking official from each of the three NAFTA countries participating in it, while the Secretariat is a technical support body for the Council's activities, headed by an Executive Director who is chosen consensually by the three countries with a limited time mandate. Domestically, it was established that each country would implement a National Administrative Office (NAO), which would be in charge of implementing the NAALC and act as a line of communication with the Commission. In this case, the constitution of the NAO and its functions are defined independently by each country, as well as the creation of the National and Governmental Advisory Committees.

Parallel with this permanent structure constituted for the execution of the NAALC, an entire dispute resolution system was also designed, which provided for the constitution of Evaluation Committee of Experts (ECEs) composed of independent individuals to evaluate complaints in situations where ministerial consultations are unable to solve the problem. Based on the ECEs' report, the CLC has the power to establish an arbitration panel which may, in cases of conviction, define sanctions for the offending State. It is worth noting that the NAALC provides that complaints of non-compliance with the agreement (through the violation of labor rules) can be made by both governmental and non-governmental actors.

The whole structure built by NAFTA to address labor issues presupposed to promote an improvement of the rules, including expansion of the ratification of the International Labor Organization (ILO) conventions, and guarantee those aspects that later came to conform the concept of Decent Work which constitutes SDG 8, thus encompassing ideas of respect for fundamental rights related to work[2] , the promotion of productive and quality employment, expanding social protection and strengthening social dialogue[3].

Over its 25 plus years of implementation, NAFTA has in fact generated a strong interdependence between the economies of the three countries, with the United States being the destination of more than 80% of Mexican exports, while the latter from 2023 onward became the main trading partner of the USA (Amâncio 2023). This high interdependence is marked by the weight of the automotive sector in trade between the two countries, representing around 25% Mexican exports to the United States. Initially, workers in this sector were the ones who most opposed the signing of the agreement because they feared the threat of Mexican competition, with wages much lower than those applied in the other two partners. There was a fear of transferring production to Mexico, stimulated by lower production costs. The NAALC was designed precisely to alleviate this problem, but proved insufficient.

According to a report prepared by ECLAC (2018), between 2010 and 2017 54% of foreign direct investment (FDI) in Mexico was directed towards the manufacturing sector, mainly the automotive, electronics and aerospace industries, which represented around 85% of Mexican exports in the same period. Moreover, there are currently around 2600 companies in the automotive chain in the country, concentrated in vehicle assembly. The same logic applies to the electronics and aerospace sectors, all of which are led by non-Mexican corporations.

In these more dynamic sectors of the Mexican economy (and highly integrated into NAFTA), there has been a significant improvement over time in working conditions and wages (see Graph 2), in relation to the rest of the Mexican economy, although a strong inequality compared to Canada and the United States persists. Next, we present the evolution of minimum wages in the northern region of Mexico (Graph 1), which is strongly linked to NAFTA and is called Area A in government classifications.

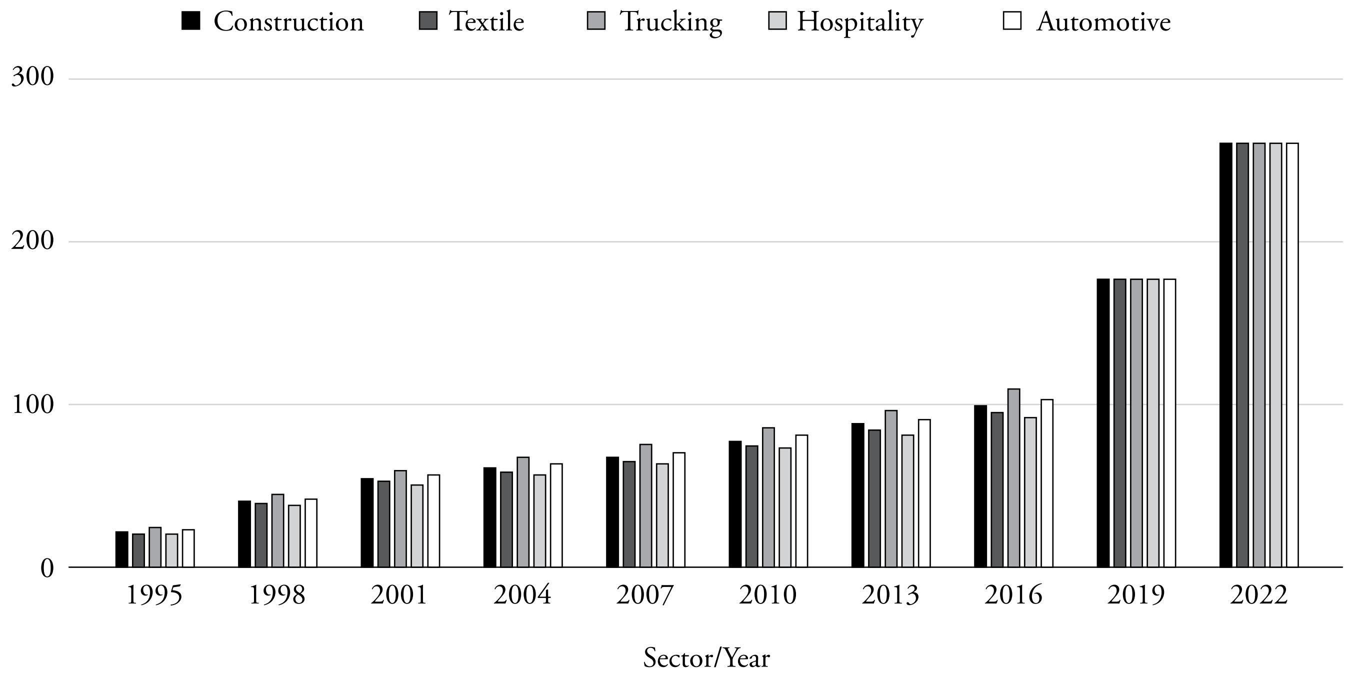
We used as parameters for this indication the values of five sectors (civil construction, textiles, cargo transport, hotels and automakers), selecting for each a category of worker based on the official classification of the Comisión Nacional de los Salarios Mínimos[4]. For civil construction we used the category of worker in "Construction of buildings and homes, plasterer", for textiles it was "Seamstress(a) in clothing confection in workshops or factories", in cargo transport we used "Driver of cargo trucks in general", while for hotels it was "Maid in hotels, motels and other accommodation establishments". For the automotive sector, the parameter "Automobile and truck painter, official" was selected, because other functions had the problem of not being specific (in the case of mechanics) or disappearing over time (e.g. mechanic lathe).

[2] See: OIT. *Trabalho Decente*, Brasília. https://www.ilo.org/brasilia/temas/trabalho-decente/lang--pt/index.htm

[3] Available at: Comisión Nacional de los Salarios Mínimos. *Tabla de Salarios Mínimos Generales y Profesionales por Áreas Geográficas*. 2022. https://www.gob.mx/conasami/documentos/tabla-de-salarios-minimos-generales-y-profesionales-por-areas-geograficas.

[4] See: OIT. *Trabalho Decente*, Brasília. https://www.ilo.org/brasilia/temas/trabalho-decente/lang--pt/index.htm

Graph 1. Minimum wage in Mexico - Zona A (pesos per day)



Source: Comisión Nacional de los Salarios Mínimos, own elaboration.

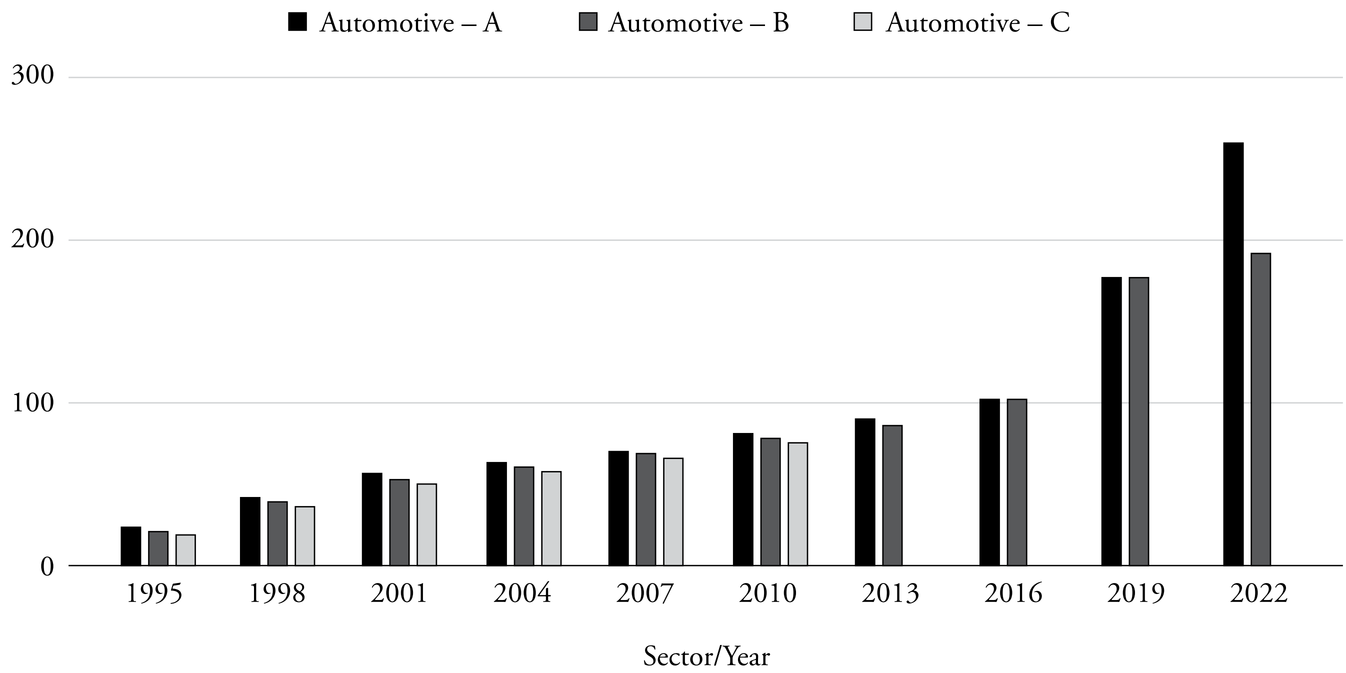
Salary developments over time obeyed similar indices, so there were no major disparities between sectors over time. Nonetheless, it is possible to notice that the cargo transport and automotive sectors always had salaries higher than the other categories. Another important point to be highlighted is that as of 2016, the policy of unifying salaries was adopted, with a single national threshold for all categories. We assume that this alteration may have been influenced by the Agenda 2030, as well as by pressures within the scope of NAFTA, notably pressure on the Obama administration to revise the agreement, as well as Donald Trump's electoral campaign for the presidency of the United States, based on a discourse that unfair competition by Mexico through lower wages was harming US workers.

With Trump's victory in 2016, a renegotiation of the agreement was conducted, which proved to be hard on Mexico in particular (Menezes et al. 2022a). There was pressure on the new Mexican president, Andrés Manuel López Obrador, to implement a reform and a real wage increase policy (see the next section). Nevertheless, the distinction between geographic zones remains, and it is precisely there that we perceive a greater differentiation between wages, as shown in the next graph.

Graph 2 refers to the geographical areas differentiated by the Mexican government. From 1995 to November 2013 there were three areas: A, B and C. The first of them referred to the states of Baja California, the Federal District and Baja California Sur (encompassing all municipalities), and for certain municipalities in Chihuahua, Guerrero, Mexico, Sonora, Tamaulipas and Veracruz. Area B included some municipalities in the states of Jalisco, Nuevo León, Sonora, Tamaulipas and Veracruz. And finally, area C encompassed all the other states and municipalities in the states marked in areas A and B, with a clear preponderance of the southern region of the country.

As of 2013, there has been a merger between areas B and C, with the exception that between 2016 and 2018 there was a standardization of salary values between geographic regions. As of 2019, the distinction has been between the former area A, which was renamed Zona Libre de la Frontera Norte, and the rest of the country.

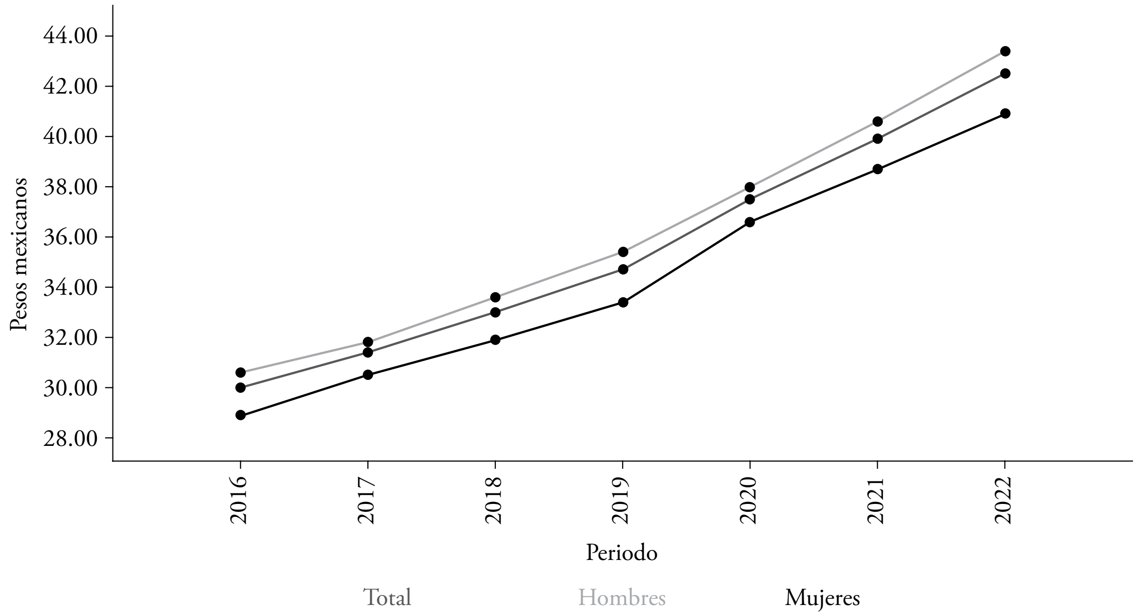
Graph 2. Wages per Region (pesos per day)



Source: Comisión Nacional de los Salarios Mínimos, own elaboration.

Although the Mexican government has adopted a policy of increasing the minimum wage over the last decade, the high level of informality and the precariousness of wages in non-exporting sectors (as such, not linked to NAFTA), means that the Mexican average wage decreased, as shown in Graph 3. It should also be noted that there was an important gender difference, with women receiving lower wages than men on average.

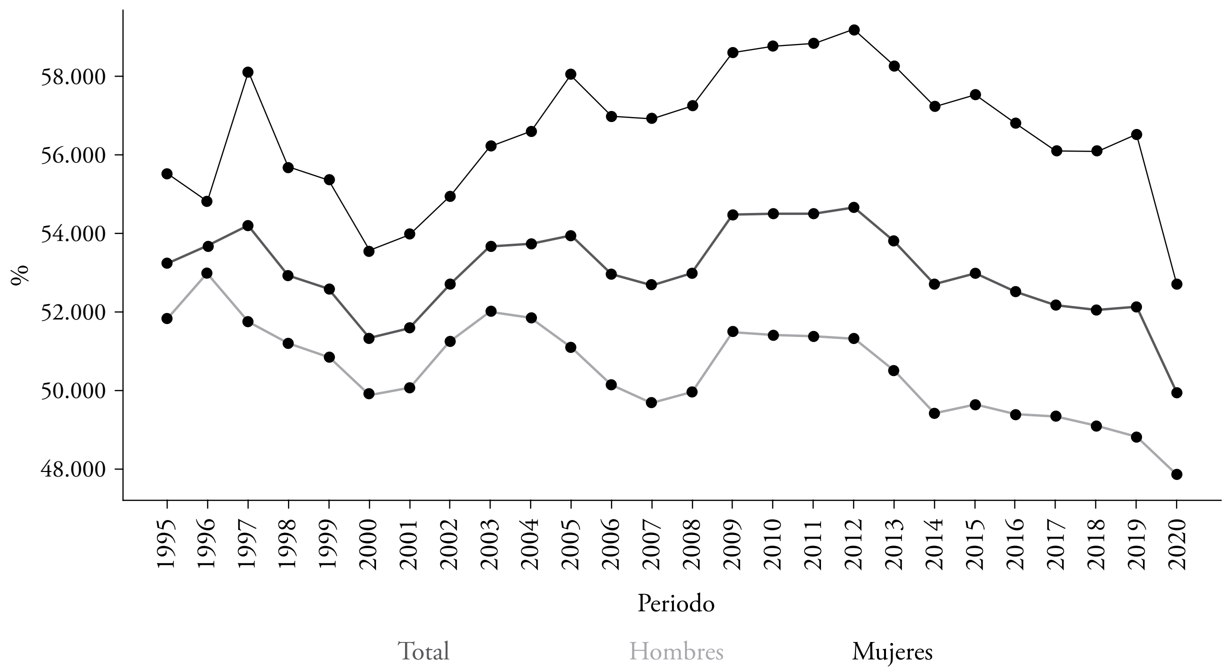
Graph 3. Average Salary in Mexico (pesos per day)



Source: agenda2030.mx.

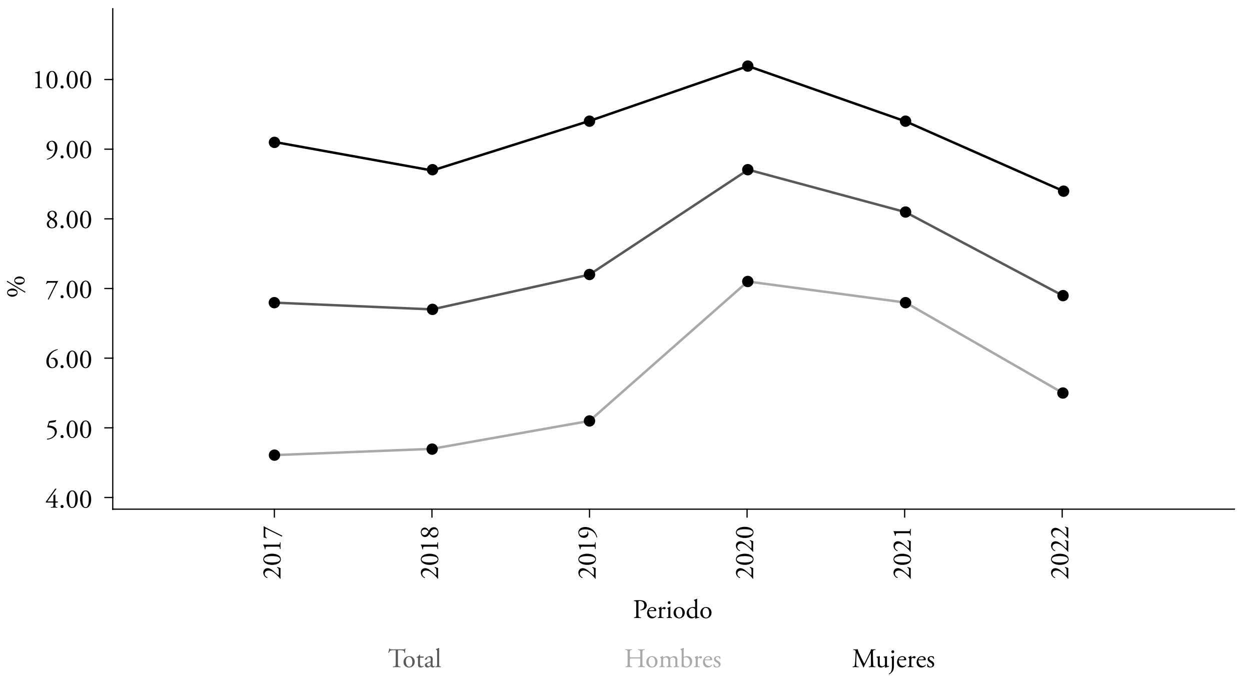
However, salary is not the only indicator of improvements (or absence thereof) in the indexes related to SDG 8. Another important aspect that poses a major challenge for the Mexican government is informality (chart 4), where the gender disparity becomes more evident. The same occurs in the case of young people aged between 15 and 24 who are out of the labor market, do not study nor receive a professional qualification (chart 5). In this case, once again there is greater precariousness among women.

Graph 4. Informality Rate in Non-Agricultural Sectors



Source: agenda2030.mx.

Graph 5. Proportion of Young People out of the Labor Market



Source: agenda2030.mx.

These are some of the aspects addressed by SDG 8 which pose important challenges for the Mexican government in order to achieve the proposed targets. Parallel to that are the impositions of the regional agreement that, after the revision of NAFTA, have become more imposing. The replacement of NAFTA by the USMCA in 2019 involved an important revision of the agreement, covering previously absent trade issues like electronic commerce, as well as several issues of the 2030 Agenda within the scope of the agreement itself, notably the environment and labor. These changes called for the adoption of complementary agreements.

In the USMCA, the labor issue is addressed in Chapter XXIII, which, in addition to updating the NAALC, establishes a commitment to ratifying the ILO clauses relating to the labor principles and rights, such as freedom of association, working conditions, wages, work hours, and health & safety. An important point in this case is the change related to the control system over compliance with these principles, that is, the establishment of a Labor Rapid Response Mechanism (MLRR).

The MLRR is an unprecedented instrument in commercial agreements, aiming to speed up the dispute resolution process in cases of labor violations. It establishes that the governments of the United States and Canada can receive complaints about violations or suspected violations in Mexico through their monitoring committees, which will evaluate the complaint and, in case of acceptance, involve the Mexican government, which must then take appropriate measures to remedy the problem.

The uniqueness of this mechanism lies in the fact that the complaint is no longer processed sector-wise but per individual company, against which sanctions can be applied, ranging from fines to the suspension of its exports. The MLRR's implementation foresees three stages, starting precisely with the states of the southern region of Mexico (see Map below). The entire process must take place within a maximum period of 4 months, from the complaint to the application of sanctions against the infringing company, being included in this period the installation of an Arbitration Panel to address any controversies.

Over time, it can be seen that the greater pressure exerted by the US and Canadian governments on Mexico to adopt policies that actually improve working conditions have had a positive impact on some sectors and regions, albeit insufficient when considering the country as a whole. In this sense, more significant changes took place when there was an effective political will in this regard at the domestic level, as will be outlined in the next section.

Mexican labor legislation and the SDGs

External conditions served as a strong pressure axis for modifications of the Mexican Federal Labor Law (LFT) of 1937. The inclusion of the labor issue in trade agreements like the NAALC, as addressed in the previous section, the Transpacific Partnership (TPP), to which Mexico became a signatory in 2016, and the USMCA represented important impulses for the ratification of ILO conventions and for the adoption of clearer normative principles regarding freedom of union association and the election of their representatives.

Labor laws in Mexico date back to the 1917 Constitution, considered one of the most advanced of its time in terms of social guarantees. The document established that the minimum wage "[…] will be what is considered sufficient, considering the conditions of each region, to satisfy the normal needs of a worker's life, his education and honest pleasures, given his position as head of the family" (Secretaria de Gobernación de Mexico 1917, 158). The constitution also provided for equal pay for men and women who perform the same function, the right to strike and free association for workers' organizations. All these principles were reinforced in the Federal Labor Law, which advanced towards regulating individual, collective, administrative and procedural labor rights.

Among its most representative attributions, the 1937 LFT instituted the Boards of Conciliation and Arbitration, local bodies that acted independently of the Judiciary and whose function was to arbitrate labor disputes. The Boards were formed by government representatives of the district, trade unions and business representatives, known as a tripartite model. Against the background of possibilities that opened up in the field of labor conflict negotiation, the long period of action of the Boards exposed the corporatist nature of the trade unions, which often did not represent the interests of workers due to their close proximity to the government and private corporations.

In the second half of the 20th century, few changes were made to Mexican labor laws. The State's role in the import-substitution industrialization model implied a top-down dynamic in the control of labor relations and in the mediation of conflicts between employers and workers (Rojas and Salas 2008). The political pact that had been in force since 1940 brought relative political and institutional stability and enabled high rates of economic growth. This pact involved a delicate balance between entrepreneurs, who participated in the decision-making process and benefited from the protectionist economic policies; the trade unions, which avoided strikes and protest movements in exchange for salary compensation; and the Institutional Revolutionary Party (PRI), which remained in power from 1929 to 2000 due to authoritarian measures (Dussel Peters 2000). In this scenario, the Boards of Conciliation and Arbitration represented a correlation of forces that prevailed throughout the country, directly contributing to the weakening of independent worker demands.

During the 1980s and 1990s, the low wage policy and the precariousness of labor relations followed the logic of inflation control, a structural part of the neoliberal adjustment implemented in Mexico after the 1982 debt crisis. As pointed out before, NAFTA further deepened this policy to the extent that low wages were responsible for ensuring relative competitiveness for the Mexican industry in the intermediate and assembly sectors, even at the cost of serious damage to the country's economic development (Bortz and Aguila 2006; Guillén 2007).

The labor issue in Mexico was a subject of concern not only on the part of North American trade unions, who feared the transfer of productive activities to the neighboring country in search of cheap labor, but also of organizations within Mexico that did not have enough political influence to impose their demands onto the national government (Merlo 2022). The NAALC sought to ensure compliance with Mexican labor legislation provided for in the 1917 Constitution. However, it had a very limited effect in terms of expanding social protection to Mexican workers and guaranteeing transparency in union organizations, given that it did not contain enforcement mechanisms. Labor relations in Mexico remained governed by the behavior of the market, i.e. the supply and demand of workers in a given region (Merlo 2022), with a low degree of social compensation nor guaranteed wage increases.

The 2012 labor reform marked a broad movement towards "modernizing" labor relations in the country. It is part of a set of other reforms, popularly known as the Pact for Mexico, launched during the government of Enrique Peña Nieto (2012-2018), from the PRI. The former president was elected with a broad platform of reforms negotiated with the main political parties in the country, which included changes in the telecommunication sector, economic competition, transparency, education, etc. (Secretaría de Relaciones Exteriores 2012). Furthermore, an important change was instituted in the energy policy, which led to the end of the monopoly of the state-owned company Petróleos de México (PEMEX) on the extraction of crude oil, thus opening the sector to foreign competition.

The labor reform aimed to "make the labor market more flexible, encourage formality and make it easier for younger people and women to develop professionally" (Secretaría de Relaciones Exteriores 2012). The reform provided for the possibility of negotiating temporary work contracts, such as hourly contracts, the regulation of domestic workers rights and recognition of the subcontracting regime (outsourcing). The expectation was that the reform would modernize the normative framework of labor relations in Mexico and therefore encourage the creation of new formal jobs.

The 2012 reform also incorporated the principle of decent work, formalized by the ILO in 1999 and currently part of SDG 8. The adopted definition is broad and goes beyond non-compliance with the labor legislation in force in a country. According to Rojas and Salas (2008), decent work is the opposite of precarious work, the latter characterized by a temporary nature, absence of social benefits and/or insufficient wages for the worker's subsistence.

In this regard, despite advances in the regulatory field, the reform was insufficient since it maintained the structure of low wages in Mexico and did not strengthen the social security system (Soria 2015). In addition, regulation of the subcontracting regime made the labor market even more precarious, as these changes did not impose enough restrictions to avoid insecurity in contracts, low wages and irregular working hours (López-Chávez and Velázquez-Orihuela 2021).

Data from the National Institute of Statistics and Geography (Inegi) (2023) have demonstrated that the results of the 2012 reform fell far short of expectations. The relative weight of the informal economy in the Mexican economy remained constant in the period 2012-2020 at approximately 23%. In turn, the informality rate, shown in Graph 4, is important because it signals that a large contingent of the economically active population does not have access to labor guarantees, the social security system and a regular source of income, all of which characterize a poor working condition.

Mexico's entry into the TPP required additional changes. The Agreement has a specific chapter on labor issues. Among the main measures, it is established that member states must be part of the ILO and have national legislation that guarantees the organization's commitments, such as free association, collective bargaining, the elimination of compulsory labor and discrimination, and the prohibition of child labor. Additionally, the Agreement also condemns the use of more flexible labor laws to achieve a competitive advantage in the context of international trade and foreign investment. Also foreseen is the creation of a Council with representatives from all member states, which would be responsible for cooperation in the field of work, as well as monitoring the implementation of the Agreement's rules nationally. Even though the United States announced its withdrawal from the TPP in January 2017, the labor measures provided for in the Agreement were incorporated into the USMCA, which began to be negotiated in August 2017.

Different from the case of NAFTA, non-compliance with the labor regulations provided for in the USMCA may result in trade sanctions and, therefore, damage to bilateral trade with the US. The Accord established that 40-45% of workers in the auto industry must earn at least US$16 per hour, a criterion that Mexico does not meet, in addition to a dispute settlement mechanism for labor issues (MLRR).

Faced with this scenario, the Mexican government adopted a set of measures to adapt its legislation to the new labor guidelines of the USMCA (Bensusán and Middlebrook 2020). First, it amended Decrees 107 and 123 of the Mexican Constitution, opening the door to abolishing the Conciliation and Arbitration Boards and their replacement by the Federal Center for Conciliation and Labor Registration. These centers would be responsible for registering collective bargaining agreements and trade unions, as well as resolving conflicts between workers and employers within a maximum period of 45 days, aiming to provide speed and transparency in the mediation of labor conflicts. Secondly, in November 2018, the government ratified the Convention on the Right to Organize and Collective Bargaining, ILO Convention 98, which meets the regulatory requirements set forth in the TPP and incorporated into the USMCA.

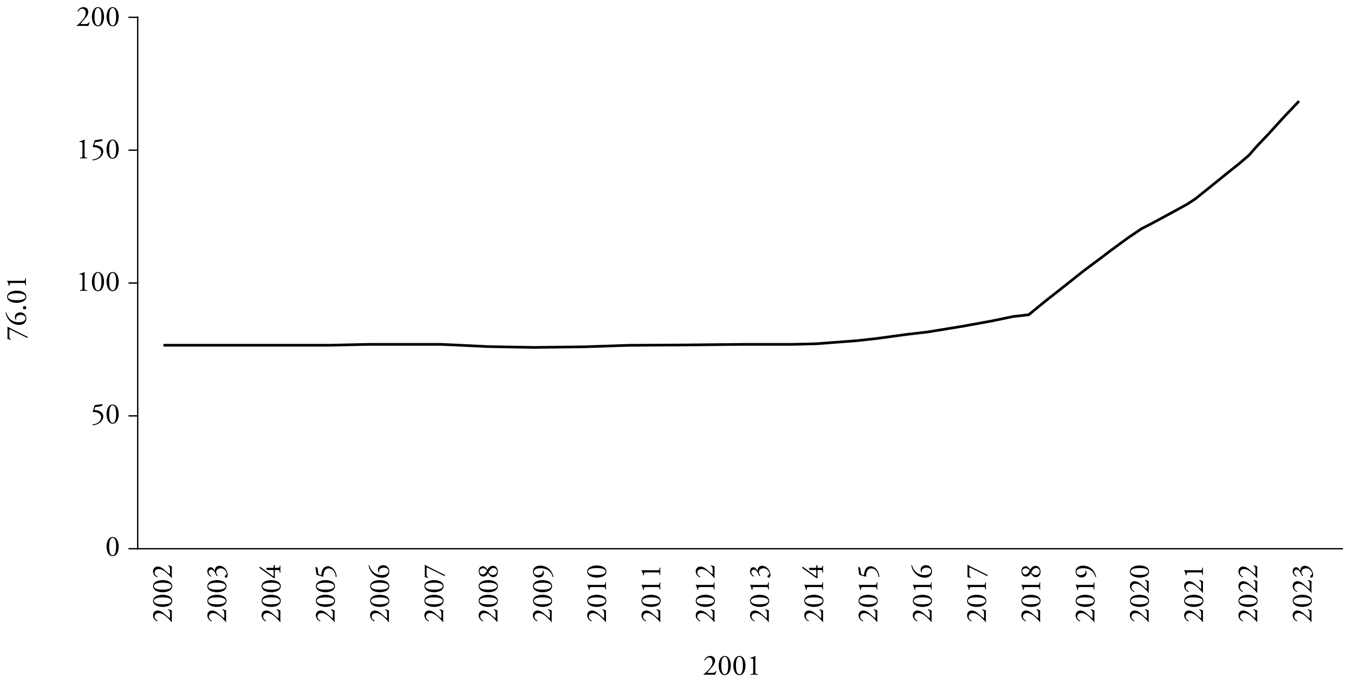
The changes made at the end of Enrique Peña Nieto's government have made Mexico subject to international norms and represent an axis of external pressure for significant changes in the country's labor relations, even though they do not in themselves guarantee compliance. Moreover, changes in the minimum wage policy remained pending, given that the possibility of salary adjustments and the granting of periodic increases was not mentioned. The absence of regulations in this regard throughout Peña Nieto's presidency indicates that the implementation of such additional provisions was left to the government of Andrés Manuel López Obrador, elected in June 2018, who took office just days after the signing of the USMCA, in December 2018.

The winning candidate of the National Regeneration Movement presented the minimum wage issue as one of his campaign platforms in the 2018 presidential elections. AMLO, as it is popularly known, maintained a position against the 2012 reform, stating that it was contrary to the interests of workers and domestic entrepreneurs for being part of an "imposition of foreign interests" in Mexico, in addition to preserving existing injustices and privileges in labor relations. In a communiqué on October 23, 2012, López Obrador devoted special attention to the issue of the minimum wage which, according to him, had a purchasing power lower than that of the 1980s (López Obrador 2012).

In the 2019-2024 National Development Plan, which sets out the objectives and action strategies of the Mexican government, López Obrador linked the increase in the minimum wage to social policy and raising the population's standard of living, an important change compared to the previous government. According to the document, the objective of raising the real value of the minimum wage was to contain the deterioration of purchasing power, strengthen the domestic market and increase income (Presidencia de la República de Mexico 2019). Strengthening the domestic market could make Mexico less dependent on exports and, as a result, decrease its vulnerability in relation to the US market.

In recent years, the Mexican government has adopted a policy of periodically raising the minimum wage. In December 2018, the Zona Libre de la Frontera Norte program doubled the minimum wage in the border region and increased wages by 16% in the rest of the country, as well as matching fuel prices to those in the United States. In 2019, the increase was 5% in the border region and 20% in other regions, and 20% on average in 2020. The following year, in addition to a 15% increase in the minimum wage, the Mexican government enacted raises for specific categories like domestic and rural workers, who have historically earned less than workers in the manufacturing sector. In 2022 the average increase was 22%, higher than previous years. Graph 6 shows the hourly minimum wage in Mexico from 2000 to 2022.

Graph 6. Minimum wage in Mexico per day (in Mexican pesos)



Source: Instituto Nacional de Estadística y Geografía (2023).

Graph 6 shows that wages remained stagnant in Mexico from 2000 to 2015. Afterwards, there was an increase in the amount paid per day, but still with a small variation. The increase became substantial in 2019, when the hourly minimum wage increased steadily and did not return to previous levels. Compared to the value in 2012, the year of enactment of the labor reform, in 2022 the real minimum wage in Mexico was approximately 92% higher. However, despite the policy of raising the minimum wage, the road to restoring purchasing power and improving living standards for the population is still long. According to data from the Organization for Economic Cooperation and Development (OECD) (2023), the average salary in Mexico remains the lowest among OECD members. The average annual salary in Mexico is 33% lower than Colombia, which occupies the penultimate position in the organization's ranking.

In parallel with the minimum wage increase policy, the Mexican government enacted a new Labor Reform on May 1, 2019, which aimed to review some points of the 2012 reform and adapt national legislation to the USMCA. Among the main changes, we can mention the regulation of subcontracting and the tightening of laws governing outsourced services, as a way of reducing abuses and irregularities. Furthermore, the reform incorporated amendments to Decrees 107 and 123, as well as the principles established in ILO Convention 98.

The 2019 Reform also regulated the establishment of a new labor justice system in Mexico. In addition to mediating labor disputes and registering collective agreements, the Federal Center for Conciliation and Labor Registration has the function of supervising compliance with labor rights and workers' interests, especially with regard to the free and democratic election of union leaders. The democratization of labor relations aims to guarantee the participation of workers in trade associations and collective bargaining processes through personal, free, direct and secret voting (Centro Federal de Conciliación y Registro Laboral 2023). Despite its federal competence, the Center's activities will be decentralized, as it will have representative offices at the state level that act as mediators in labor disputes.

From a comparative perspective, the 2019 reform revised some determinations of the 2012 reform, such as the regulation of subcontracting and the resolution of labor disputes, strengthening the supervisory character of the State in relation to possible abuses and noncompliance with the legislation. The revisions incorporated criticisms by the López Obrador government, reinforcing the role of the State in promoting development and improving the socioeconomic conditions of the most vulnerable populations. Against this background, the minimum wage increase policy acted as a complementary element, representing a significant shift in relation to the previous government of Enrique Peña Nieto, during which the average wage had remained constant.

Conclusion

This article has sought to answer the central question "What is the capacity of regional processes to promote changes in national agendas?" We start from the assumption that compliance with the SDGs within the Agenda 2030 are national commitments that do not always appear clearly in regional agreements, depending on domestic political dynamics. Based on the analysis of the Mexican government's behavior in relation to SDG 8 – Decent work and economic growth, we have found that the national government's role is decisive for the incorporation of the Agenda 2030 in cases of regionalism based on an intergovernmental dynamic. In agreements of this nature, the disposition to negotiate and accept the incorporation of new norms is linked to domestic conditions, that is, the political will of governments and their ability to resist both internal and external pressures.

Topics related to SDG 8, such as decent work, inequality and economic growth are a constant on national political agendas but tend to be marginal in regional discussions, especially in the Americas. Both in Mexico and in almost all middle-income countries in Latin America, inequality remains high and persistent, and the concentration of income has changed little to nothing since World War II. In the Mexican case, according to data from the World Inequality Report (Chancel 2022), the richest 10% have about 60% of all income and possess 79% of all wealth. Considering that the SDGs are transversal, as each of the objectives is not an end in itself, the challenges to the creation of decent jobs with a decent pay, especially for young people and women in the context of rapid technological changes in the production process, are even greater and inequalities constitute one of the main obstacles (Huepe 2023).

Initially, it was assumed that NAFTA would intensify labor related conflicts between members, especially since the Mexican government could try to exploit labor precariousness as a comparative advantage, which in fact occurred. However, the constraints imposed by the NAALC served as important instruments to drive changes in those sectors and regions with a high degree of integration into the North American market like the automobile industry. This, however, did not occur in other sectors and areas, which maintained high levels of job insecurity.

From 2016 onward, a significant increase in external pressures can be observed, whether at the regional level with the TPP and criticism of NAFTA, or internationally with the constraints created by the Agenda 2030. During the renegotiation of NAFTA since 2017 it became apparent that the USA and Canada were dissatisfied with the lenient behavior of the Mexican government in relation to the labor issue, pushing the latter to implement significant reforms. The 2012 and 2019 amendments to the LFT show continuity in the sense of adapting Mexican labor legislation to new regional determinations, such as ratifying ILO Convention 98 and modernizing the labor justice system.

The changes instituted from 2017 onward indicate that Mexico's participation in trade agreements played a central role in the adoption of labor principles defined by international organizations, later incorporated into the SDGs. Even though the regulatory advances predated López Obrador's arrival in power, the annual minimum wage increase policy did play play a complementary role. The data show a considerable and sustainable increase in the minimum wage since 2019, which is due not only to the enforcing nature of the USMCA, but also to a compatibility between the domestic and foreign policy agendas. Therefore, the case of Mexico allows us to affirm that the national government was decisive for the incorporation of the Agenda 2030 in the case of intergovernmental agreements.

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