

Mexican president raises minimum wage 16%, biggest in 23 years



Mexico City, December 19 (RHC)-- President Andres Manuel Lopez Obrador (AMLO) is following through on a campaign promise by announcing a minimum wage hike of 16.21 percent, Mexico's largest in 23 years.

"The minimum wage (increase) sets the stage to advance the country's labor policy through an agreement ... of unity and trust between the private sector, workers and the public sector," said the Mexican head of state.

Daily salaries are set to increase from an average of 88.36 pesos (USD \$4.40) to 102.68 pesos (USD \$5.11) on January 1st.

"Over many years the minimum wage has lost its purchasing power. Some say it has lost 70 percent of its purchasing power over the last 30 years," said Lopez Obrador during his speech surrounded by government officials, national business leaders, and labor unions. "We're never going to have wage (increases) below inflation," promised the Mexican president.

Today, we begin a new policy for salaries agreed upon by worker representatives and the business sector. This hasn't been witnessed in many years, the minimum wage will increase by 16 percent and at the northern border, it will be 176 pesos.

Considering inflation and elevated prices at Mexico's northern border, businesses located within 25km of the frontier with the United States will increase wages to about US\$ 8.72 per day. AMLO has proposed doubling the minimum wage in northern states where many international businesses and factories established themselves in 1995 enticed by low wages and new trade policies after the North American Free Trade Agreement (NAFTA) went into effect.

As of September, of the country's 45 million who earn a monthly salary, about 8.5 million earn minimum wage, according to the National Institute of Statistics and Geography (INEGI).

A reworked NAFTA signed in November with the U.S. includes provisions for Mexico to lift auto worker wages and reform labor laws that have weakened independent unions, according to Reuters.

"This strengthens Mexico, the image of our country internally and externally: It is an act of political maturity, of great responsibility, of conciliation, of an agreement. It gives confidence to move forward and improve the economic, social and labor conditions of our country," said the president.

AMLO was encouraged that the wage accord was agreed upon between the Bank of Mexico, business leaders and labor unions. The new minimum wage is set above the national poverty line.

"The fact that this increase has now been agreed upon unanimously means the beginning of a new era," said AMLO Monday. "Previously, salaries were set below inflation. We ... will never set the (minimum) salary below inflation," he said alongside the Secretary of Labor and Social Security (STPS) Luisa Maria Alcalde and Minister of the Economy Graciela Marquez.

AMLO thanked the business sector at the press conference saying they are a "key part of this agreement." Business Coordinating Council (CCE) leader, Juan Pablo Castañón said at the National Palace that the government now needs to cut business regulation which he claims discourages small businesses to form.

"We need to reduce regulatory burdens, which increase labor costs and discourage entrepreneurship, especially for small businesses," Castañón told the crowd.

Also at the event was the new director of the National Commission of Minimum Wages (Conasami), Andres Peñaloza Mendez, replacing Basilio Gonzalez Nuñez who had headed the commission for 27 years.

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