



Farm Workers in Mexico's Export Agriculture

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Mexico's export agriculture has grown rapidly over the past decade. Although agricultural trade is a smaller part of Mexican exports than manufacturing, the agricultural trade surplus is larger than that for manufacturing. **Mexico is the main source of imported fruit and vegetables in the U.S. The expansion of agricultural exports contributed to Mexico's growth, but also poses challenges.** In December, 2014, Los Angeles Times exposed unacceptable living and working conditions in some of Mexico's leading agricultural exporters.

The December 9 seminar will review how the farm labor market has evolved and profile the workers employed in Mexico's export agriculture. Increasing production, a tight labor market, and specific government and private sector actions have led to significant improvements in working conditions. The hired farm work force has risen by 50% over the past 15 years¹, even as Mexico's rural population has shrunk. **Between 2010 and 2015², the number of salaried men in farming increased by 5%, and the number of women working for wages in agriculture rose by 17%, as previous farmers and unpaid family workers became wage workers.** During the same period, the number of men working on their own account in Mexican farming fell by 40%, and the number of women in the same position fell by 54%. The growth in the waged employment of women, in particular, is remarkable.

This rapid expansion of export agriculture, and of export farm jobs, has triggered a number of other changes. Real non-farming wages in Mexico fell by 3% from 2009 to 2019, but rose by 15% in agriculture (Figure 1), narrowing the urban-rural wage gap. In 2009, rural wages were on average 48 percent of non-farming wages; while in 2019, rural wages were 57% of average national wages.³

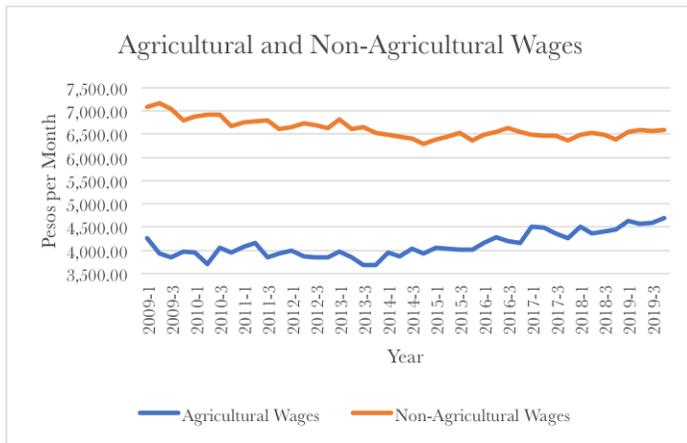
Export growth has centered mainly in Western and Northwestern Mexico. **Increasing export jobs in this region, together with rising wages, have helped to reduce extreme poverty from 46% to 38% (Figure 2).** The extreme poverty line starts falling, and rural wages start rising, at the end of 2014, just as the Los Angeles Times series exposed low wages, forced and child labor, and extremely precarious or overcrowded housing on some export farms. The higher extreme poverty line corresponds to poorer states in the South and Southeast, where the share of residents in poverty was stable until 2018. We also analyzed 2010 – 2015 municipal poverty levels in Jalisco and Sinaloa, and found that, although poverty in general does not fall, extreme poverty and food deprivation fall in municipalities with substantial export agriculture growth.

1 Based on Mexico's Occupation and Employment Survey (ENOE or Encuesta Nacional de Ocupación y Empleo).

2 Figures for 2010 – 2015 are based on Mexico's 2010 Population Census and on the 2015 Intercensus Survey (Censo de Población y Vivienda 2010 and Encuesta Intercensal 2015).

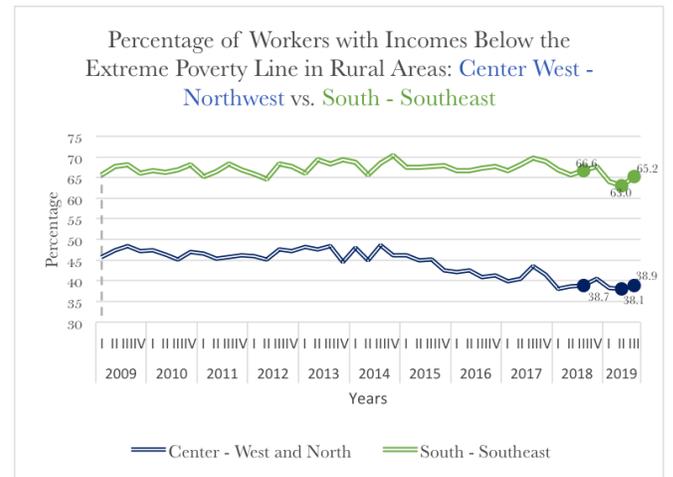
3 Both 2009 and 2019 values are derived from the IV quarter ENOE.

Figure 1.



Source: ENOE 2009 – 2019. 2018QIV=100.

Figure 2.



Source: CONEVAL, rural ITLP (labor trend of income poverty).

Figure 2 describes the percentage of persons with labor incomes below the cost of a basic food basket. The survey does not distinguish export jobs from domestic market jobs, so we divided all farm jobs by region.

Children under 18 were legally banned from working in Mexico's agriculture in 2015. The percentage of minors in Mexico's agriculture has fallen from 16% in 2005 to 5% in 2019⁴.

Farm employment, wage levels and working conditions are rising in other Mexican states. The expansion of export agriculture in Western and Northwestern Mexico is attracting more workers from Mexico's poor South. Forty-two percent of all workers in our survey of export agriculture were born in Mexico's poorer Southern states; 32% send money to their families regularly, and 55% save some money while working on export farms. **By 2019, there were two kinds of states undergoing rapid reductions in labor income poverty: states joining the export boom like Veracruz, and states from which hundreds of thousands of workers migrate seasonally, such as Chiapas, showing the spillover effects of export agriculture in other Mexican states⁵.**

Traditionally, most migrant farm workers were believed to be small subsistence farmers from the Southeast⁶. But only 8% of the workers in our survey own land, including small landowners and *ejidatarios* in Western Mexico, meaning that, farm workers are increasingly landless peasants who depend on wage-earning jobs to survive. Workers are disproportionately drawn from South and Southeastern indigenous communities. 32% of the workers we interviewed speak an indigenous language.

This means that growth in farm exports 1) has provided more jobs to extremely poor and indigenous Mexicans, and 2) wages have been increasing, and poverty has fallen, in both export regions and, via a better labor market, in South and Southeastern Mexico.

4 According to ENOE.

5 CONEVAL, ITLP, 2019 – 2020. Based on ENOE.

6 There are also substantial indigenous groups from the Tarahumara and Huichol regions who migrated seasonally to farms along the Northwest coast, and to Chihuahua's apple growing region (Cuauhtémoc).

Employment in Export-Oriented Agriculture

Mexico's official Employment Survey (ENOE) can highlight long-term trends in farm employment⁷ but cannot distinguish between jobs on farms that export and produce for the domestic market. ENOE samples are insufficient to distinguish workers in specific states or crops, and provide no basis to define various kinds of migrants. We therefore carried out the first random, stratified survey of employment in Mexico's main five export crops, and five export states, in 2019 and 2020, and conducted a special survey of avocado workers to determine wages and working conditions on farms registered in export associations.

Table 1: Monthly Wages by Sex, pesos (dollars).

	Random Stratified Sample				
Sex	General	Berries	Vegetables	Avocados	Casual Workers
Women	6,081 (298)	6601 (323)	5,680 (278)	7,175 (352)	5,093 (250)
Men	7,421 (364)	7,755 (380)	7,011 (344)	8,565 (420)	5,606 (275)
Gender Wage Gap*	18	14.9	19	16	9

Source: ENJOEX. Exchange rate: 20.4

Table 1 shows the wages paid to workers in firms affiliated with export associations. These wage levels are very close to Mexico's general average wage. As can be seen, top average earnings are in avocados. There is a variable gender earnings gap that is largest in vegetables (bell-peppers, cucumbers and tomatoes). Among states, the gender earnings gap is largest in Sinaloa (22%), favorable to women by 5.8% in Guanajuato, and insignificant in Baja California (2.7%).

Indigenous workers in export firms exhibit a mixed income gap compared to non-indigenous Mexicans. Indigenous women earn 3% less than non-indigenous women, while indigenous men earn 2% more than non-indigenous men. Indigenous women in the casual worker sample earn 4,996 pesos, or about one-third less than men in registered export firms in general (7,421).

Earnings increase with schooling. Workers with some high-school or more earn \$1,000 pesos more than workers with no schooling. Even among casual workers, men with some high school earn almost \$1,000 more than casual women workers with no schooling.

After pay, the second most important factor is access to job benefits. Table 2 presents data on formal and "real" or effective access to job benefits mandated by Mexican law. Access to benefits is extremely high, by Mexican or international standards. Employers pay bonuses, uniforms, funerary expenses and days off directly. In Sinaloa, they also sponsor private day care centers.

⁷ In addition to the problems noted in the text, it seems ENOE is not adjusting its sampling frame to reflect growth in export farm jobs. Growers' associations provide higher numbers of employed workers than those reflected in ENOE.

The rest of these job benefits, plus disability and maternity leave and retirement, are part of the Social Security package. Ninety-six percent of women, and 94% of men, reported that they were enrolled in Social Security. Workers in export farms stand almost twice the probability of being enrolled in Social Security when compared to the average urban worker. These enrollment rates are also about 10 times higher than those for farm workers producing for the domestic market.

Effective access to IMSS and Infonavit benefits is substantially lower than formal enrollment. The largest gap is found in access to the housing fund. A likely reason is that farm workers, because of seasonality, don't accumulate enough contributions to qualify for access to housing loans. Something similar can happen to retirement. Workers and employers complain that effective access to job benefits is low.

Table 2: Formal and Effective Job Benefits by Sex. Berries, Cucumbers, Peppers, Tomatoes(%).

Formal Benefits								
Sex	Bonus	Paid Days Off	IMSS-Provided Health Service	INFONAVIT (Housing Fund)	Funeral Expenses	IMSS-Provided Day Care	Firm-Provided Day Care	Uniform
Women	82	47	96	32	4	11	30	14
Men	80	54	94	31	8	9	23	14
Effective Benefits								
Women	75	35	86	14	2	5	23	13
Men	73	42	83	14	2	4	14	12

Source: ENJOREX.

Although overcrowding and de-funding of social security agencies is an issue, workers complain that social security staff don't consider them worthy of service. Their main demand is 1) to make child care available to farm workers' children, and 2) to improve health services and provide free medication. Since most workers are young, they are not as concerned with retirement.

Pay and benefits don't always go together. Women tend to report more benefits than men. **Avocados offer fewer benefits than other export sectors, and the gap in benefits between workers in different positions in the production and marketing chain of avocados is larger.** Avocado harvesters earn \$800 pesos more than the average of all males in avocados, but have fewer benefits. In other words, there is more segmentation among the three major jobs in avocados than in the other export crops.



Challenges

Export agriculture provides good jobs for young workers with little education. Challenges loom, as with employers' contributions for their workers' retirement that are increasing at a time when there are no negotiations with the government to provide effective Social Security and housing services to farm workers. Social Security and Housing contributions increase wage costs, and those costs are slated to rise, gradually, by another 7.5%.

Workers want the services financed by payroll taxes. Our evidence shows these services could help workers. Sinaloa employers provide child care, which encourages women over 30 to return to work in the fields. In other words, employers will have more workers, and workers' households will have higher incomes, if reliable child care is provided. Without more effective access to services, there may be increasing resistance by employers to enroll their workers in Social Security as costs rise.

Second, significant farm worker towns have emerged in Western and Northwestern Mexico. As in San Quintín, these settlements are highly irregular and offer substandard living conditions. Formally, in these towns workers' housing and urban services are no longer the responsibility of employers, but existing municipal governments lack the resources and the know-how to foster acceptable urbanization. In some cases, temporary lodgings become permanent housing. These settlements fall in a regulatory and funding gap. Export agriculture is alleviating poverty, increasing exports, and contributing to Mexico more generally, making it urgent to develop mechanisms to regulate urban growth and to provide public services.

Finally, our survey of the "gray" or informal labor markets in four regions adjacent or close to export firms highlights significant challenges. **Informal or casual farm workers earn lower wages and have worse working conditions.** Jobs are more casual, creating an underclass of farm workers that, on the one hand, toils in unacceptable conditions, and on the other poses a threat to Mexico's exports. Some interviewees believe commodities produced by casual workers enter the export market. **We believe that the share of such informal produce is relatively low among Mexico's fruit and vegetable exports, but could increase over time.** These connections operate through the purchase of fruit and the employment of casual labor. Both can be improved. The U.S.'s experience with FLC should be studied. It is also clear that Mexico's Secretariat of Labor must enforce labor laws throughout Mexico's modern agriculture. We are willing to provide more specific studies to facilitate improvement.