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Corporate Borders Auto Industry Migrants in Mexico

Introduction

Globalization has changed migratory conditions for workers with professional training. This means that the classical theories on the subject are being questioned because of labor mobility within transnational corporations.

This article examines the mobility conditions of skilled workers, compared to those of similar migrants: foreign corporate migrants transferred within multinational companies, specifically coming into Mexico. These two differ because the latter are part of a labor set-up that, in and of itself, generates a high degree of migration in the short and medium terms. Specifically, we are interested in knowing what relationship exists between the growth of the auto industry in Mexico and the number of immigrant workers it employs.

To do this, we have estimated the number of foreign corporate migrants in Mexico in the auto industry who work in executive and technical areas, based on official data from the censuses done by Mexico's National Institute of Statistics and Geography (INEGI) and National Migration Institute (INM).

Mobility through the Companies

Executives and technicians move differently from other skilled migrants: while the former have a company to back them up and that facilitates the circulation of workers in different headquarters worldwide, the latter move independently, uncertain as to whether they will successfully find employment.¹

Intra-corporate worldwide mobility is often temporary and operates according to the guidelines and needs

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One of the aims of transnational manufacturing companies is moving to places where labor and resources are cheaper.

imposed by the company: technical and administrative personnel are constantly relocated inside the corporate structure.² They may remain in a specific space for intermittent or longer periods, which can range from months to years.³ This dynamic has an impact on who migrates as well as on the interaction with and perception of the host society.

The length of stay is usually determined according to how high up the individual is within the organizational structure, as well as in accordance with the work he/she does: those with managerial positions tend to remain longer in one place; high-ranking technical workers have shorter stays; and those involved in a specific project or trainees stay the shortest amount of time.

These workers also have an advantage in mobility processes, above all if they are going to developing countries, since this kind of migration means they move up the social scale and enjoy better living conditions due to wage increases that the company gives them as incentives for taking an international posting. Some academic studies also point out that their resumes improve, since when they migrate they are assigned to better positions than they had in their places of origin, and they receive other benefits that only overseas workers enjoy.

The Auto Industry in Mexico

One of the aims of transnational manufacturing companies is to move resources and technology to places where labor and resources are cheaper. This movement from corporate headquarters to other countries is guided by quality criteria and mistrust of the training the locals may have received. That is why they assign managerial and productive duties to individuals trained in places the company trusts and that act in its interests.⁴

Mexico is a strategic point for manufacturing and commercializing vehicles and auto parts globally due to its geographical location, low production costs, and the existence of skilled human capital. The auto industry is

one of the main sources of foreign direct investment (FDI): between 2010 and 2015, more than US\$22 billion flowed into this sector in Mexico for building new plants and other expansion projects.⁵

According to INEGI's North America Industrial Classification System data on FDI variations in Mexico channeled into manufacture and transportation equipment, in 2002 FDI increased and, after a few fluctuations, another important growth spurt began in 2013.

While at the beginning of the North American Free Trade Agreement (NAFTA), Mexico was manufacturing 17 percent of the region's heavy vehicles, by 2011, that figure had risen to 35 percent. By 2015, Mexico was the world's seventh largest vehicle producer, putting out 3.6 million a year. Among the leading companies are Volkswagen and Daimler from Germany and Toyota from Japan.⁶

The INEGI Economic Data Bank reported that between 2009 and 2015, the number of auto manufacturing subsidiaries oscillated between 28 and 29, and between 2000 and 2015, the number of Mexican and foreign employees increased from 451 865 to 737 238.⁷

Foreign Workers in Mexico's Auto Industry

INEGI population and housing surveys reveal that the number of foreign professionals in the auto sector rises constantly.⁸

The United States was the country with the greatest number of workers in Mexican auto parts manufacturing between 2000 and 2010 (see Table 1). Between 1990 and 2010, the other most important countries of origin for these workers were Germany and Argentina. However, the 2015 inter-census survey showed that Japan had increased its number of workers, followed by Germany.

The United States and Germany are the most important countries with regard both to their auto manufacturers in Mexico and to the number of foreign workers employed in them. The Japanese population in the industry grew 36-fold from 2010 to 2015, compared to the previous census, on a par with the opening of Japanese plants in the country. In that period, the South Korean worker population also grew notably.

In the case of the United States, a Ford plant was opened in 1925, followed by General Motors and Chrysler. Germany has a history of well-established companies like

TABLE I
FOREIGN WORKERS EMPLOYED IN THE MANUFACTURE OF
TRANSPORTATION EQUIPMENT AND AUTO PARTS (1990-2015)

Origin	No. of workers, 1990	Origin	No. of workers, 2000	Origin	No. of workers, 2010	Origin	No. of workers, 2015
Germany	140	United States	604	United States	1003	United States	1478
United States	120	Germany	134	Argentina	168	Japan	847
Japan	40	Argentina	72	Germany	119	Germany	630
Spain	30	Spain	69	Ecuador	117	Brazil	165
Chile	20	Chile	37	Japan	82	Italy	110
Nicaragua	20	Japan	23	Brazil	66	France	107
Italy	20	Brazil	22	Canada	66	South Korea	80
Switzerland	20	Venezuela	22	France	62	Honduras	75
Granada	10	El Salvador	20	Slovenia	42	Spain	64
Peru	10	Guatemala	14	Chile	39	Colombia	58
Venezuela	10	Morocco	14	England	38	Argentina	57
Lebanon	10	Uruguay	13	South Korea	31	Venezuela	48
Austria	10	Canada	12	Colombia	29	Togo	47
France	10	England	12	Spain	23	Canada	40
Sweden	10	Belgium	9	Bolivia	16	India	37
-	-	Switzerland	8	Italy	16	Nicaragua	35
-	-	Portugal	6	Israel	5	Guatemala	33
-	-	Peru	4	Guatemala	4	Peru	32
-	-	-	-	Ukraine	3	El Salvador	28
Total	480	Total	1095	Total	1929	Total	3971

Source: Developed by the authors using data from the general censuses of 1990, 2000, and 2010, and the INEGI's 2015 Inter-census Survey.

Volkswagen, which opened in Puebla in 1964, and others like Audi, BMW, and Mercedes Benz, giving rise to a flow of German immigrants to Mexico. Japan set up its first Nissan plant in 1966, followed by Honda, Mazda, and Toyota, among others.⁹

National Migration Institute figures also reveal the main countries of origin of workers in Mexico's auto industry through the number of temporary resident card (TRT) holders. Our neighbor to the north has the greatest number of card holders, and the figures do not vary significantly with regard to those cited above. The rest of the countries maintain a mean, but by 2011, the number of

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TRTs issued to German nationals increased, as did those for Japanese nationals in 2013. The general figures increased in 2015, except for the case of Italy.

If we look at all the TRTs issued for work-related reasons by country, the United States has the greatest num-

ber; Japan's numbers grew starting in 2013 and remained nearly constant until 2016. Germany also saw an important increase in 2015 and 2016, just as did South Korea starting in 2015, which could be linked to the establishment of companies like Kia.

Final Comment

The statistics suggest that the presence and increasing numbers of foreign workers in Mexico's auto industry are due to the growth of foreign direct investment in this sector. This can be explained through the processes of economic globalization and the internationalization of labor, which increase the flows of specialized workers not only from North to South, but also in reverse and among the regions of the Global South. As a medium-income country that is increasingly relevant in the world economy, Mexico is receiving a growing number of skilled workers, thus revealing a tendency toward cosmopolitanism and an important social change, since it is becoming both an international migration transit and destination country. ■■■

Notes

- 1 João Peixoto, "The International Mobility of Highly Skilled Workers in Transnational Corporations: the Macro and Micro Factors of the Organizational Migration of Cadres," *International Migration Review* vol. 35, no. 4 (December 2001), pp. 1030-1053.
- 2 Shinji Hirai, "Migración y corporaciones japonesas en el noreste de México: las prácticas sociales y culturales de los migrantes y su salud mental," in Lucía Chen (Hsiao-Chuan Chen) and Alberto Saladino García, comps., *La nueva nao: de Formosa a América Latina. Bicentenario del nombramiento de Simón Bolívar como libertador* (Taipei: Universidad de Tamkang, 2013), pp. 71-100.
- 3 Peixoto, op. cit.
- 4 Jaime Bonache, "El valor estratégico de la movilidad global de puestos, personas y conocimientos en las multinacionales," *Universia Business Review* no. 27 (2010).
- 5 ProMéxico, *La industria automotriz mexicana. Retos y oportunidades* (Mexico City: Secretaría de Economía, 2016), p. 12.
- 6 Ibid., p. 45.
- 7 INEGI, Censos y Conteos de Población y Vivienda 2016, <http://www.inegi.org.mx/est/contenidos/Proyectos/ccpv/default.aspx>, accessed September 25, 2017.
- 8 This data base includes the number of individuals who stated that they were working in the auto industry and had been born outside of Mexico. Unfortunately, the information is not the most precise or up to date, but it is the closest approximation offered by censuses, allowing us to see how this group evolves and compare it with other sources.
- 9 Clemente Ruiz Durán, "Desarrollo y estructura de la industria automotriz en México," *Friedrich Ebert Stiftung* no. 6 (September 2016).



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