CAMPECHE BASIN
Paradigm of Labour Exploitation

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In Mexico, the gas and oil industry is controlled by the state-owned company Petróléos Mexicanos (Pemex), the country's biggest company and its main source of revenue. Its wealth makes it number eleven in the world.

Despite the turnover that produces Pemex, the revenues are not reflected in the development of Mexican society, rightful owner of those resources and in the labour conditions of the workers’ industry: most of workers are contracted by corporations which not only disrespect labour laws and international agreements, but also often apply near slavery actions.

On the other hand, the levels of insecurity result in serious accidents whose responsibility is never accepted by the authorities of Pemex or by its contractors, who violate the rights of workers and in extreme cases do not guarantee their wages or their life.

This study reveals the acts of impunity which corporations involved in the Mexican oil industry operate with and the authorities’ corruption. It is also evident, that there is complicity with the oil workers’ union in respect to the irregularities occurring in the productive activity of the hydrocarbon’s extraction.
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Introduction

In Mexico, the gas and oil industry is controlled by the state-owned company Petróleos Mexicanos (Pemex), the country’s biggest company and its main source of revenue. Its wealth makes it number eleven in the world. The Cantarell Complex, in the Campeche Basin is the main oilfield and the second most productive in the world, after the Ghawar Complex in Saudi Arabia.

However, there is a huge contradiction between its great wealth and importance to Mexico and working conditions in the industry. Safety standards in the industry, which is a high risk activity, are intolerably bad, resulting in frequent serious accidents, for which responsibility is never attributed.

Although in theory Pemex is 100 per cent owned by the Mexican government, the company has been partly privatised in recent years. Currently, 80 per cent of Pemex work is carried out by workers employed by national or international private companies, most of which outsource the work to avoid their duties as employers. Working conditions are so bad that workers are often unaware of who employs them and cannot even be certain they will get paid.

These deplorable conditions are also a product of the violation of workers’ rights to the freedom of association. Workers do not have representatives to fight for their rights or an organisation to protect them from exploitation, ill-treatment and the many human right’s violations are the daily bread of workers in the Campeche Basin.

In recent months, isolated groups of workers, with no representatives to speak on their behalf, have organised “mutinies” and sit-down strikes and have even managed to stop operations on their ships. This puts them in a high risk situation and has legal impli-
cations, because the Campeche Basin is a national security zone under the control of naval forces and any ‘disruption’ is considered to be a serious federal offense.

In the following pages, we will assess the situation in the Mexican offshore industry. We will show how the government fails to comply with international labour agreements, even though such agreements are included in the country’s constitution and are also covered by local laws. The most questionable aspect of the situation is that although Pemex, the main employer, is a state owned company, it does not compel its contractors to comply with their employment obligations.
I

The Campeche Basin,
working in hell

M exico’s main oil producing area lies in the south of the Gulf of Mexico, 85 km off shore in the Bay of Campeche, between the states of Campeche and Tabasco. Crude oil is the country’s main source of foreign currency.

The oil industry began in Ébano, San Luis Potosí in 1904, and was controlled by the Petroleum Company of California (now Chevron–Texaco), Standard Oil Company (now Exxon–Mobil) and the Pebb Mex Oil Company (now Penzoil), until 1938, when President Lázaro Cárdenas del Río nationalised the industry and gave the Mexican State exclusive rights over the exploration and production of hydrocarbons. Article 27 of the Mexican Constitution states that:

“The Nation shall have exclusive, direct, inalienable and imprescriptible control over oil and refined products and categorically states that it will not grant concessions or award contracts for the production of oil products solid or liquid and of gas hydrocarbons.”

The oil industry is controlled by the state owned company Petróleos Mexicanos (Pemex). The company’s administrative and operational structure includes the main company (Pemex Corporativo) and its four subsidiaries: Pemex Exploración y Producción (PEP), Pemex Refinación (PR), Pemex Gas and Petroquímica Básica (PGPB) and Pemex Petroquímica (PPQ). The latter has the following subsidiaries: Cangrejera, Cosoleacaque, Morelos, Pajaritos and Escolín.

Pemex is managed by a Board of Directors composed of six gov-
ernment ministers, representatives of the trade union, the Sindicato de Trabajadores Petroleros de la República Mexicana (STPRM), and recently by four business counselors. The Minister for Energy is Chair of the Board of Directors. Since December 2006 this position has been occupied by Georgina Kessel Martínez.

Pemex Exploración y Producción (PEP) is the most important subsidiary as it manages the industry’s core activities, the exploration and production of crude oil which generates 70 per cent of the industry’s income. Operations in the Campeche Basin are therefore under its control.

The area achieved international importance in the 1970s when production began. Its history seems to be a piece of fiction. In 1961, a fisherman, Rudesindo Cantarell, on a pilgrimage to the Virgin Del Carmen, saw a dark patch on the sea. He described how he travelled to Coatzacoalcos, in the neighbouring state of Veracruz, in 1968 to sell fish. He mentioned to an oil tanker crew what he had seen and they suggested that he should notify Pemex.

Perhaps Pemex did not really believe the fisherman so it was until 1971 when it sent a commission to investigate. However, the results of chemical tests were astonishing. It was the biggest oilfield in Latin America and one of the most productive in the world. The oilfield was named after the fishermen who discovered it and the Cantarell Complex in the Campeche Basin, became the second most productive oilfield in the world, after the Ghawar Complex in Saudi Arabia.

At that time, the contacting of private companies—called outsourcing—was hardly beginning. Pemex maintained a strict control of external companies (as the law states), and even compelled the external workers to wear blue uniforms, as a security measure and also to differentiate them.
In financial terms, Pemex is Mexico’s biggest company, followed by its subsidiaries PEP and PR, the cement company Cemex, the Federal Electricity Commission, Wal Mart Mexico and the Pemex subsidiary PGPB. So four Mexican oil companies are amongst the country’s main generators of revenue and if its subsidiaries were included, Pemex would be the 11th biggest oil company in the world.

Mexico’s oil and gas industry has about 165,000 employees. Pemex is one of the companies responsible for outsourcing not only in Mexico but also at international level. Approximately 80 per cent of work in the industry is carried out by private companies with annual or multi-annual contracts with Pemex.

This situation has resulted, partly because recent Mexican governments have followed the example of Pinochet in Chile, adopting neoliberal policies and transferring to third parties activities that the constitution states should remain in the public sector, including maintenance, services and operation of rigs and wells, exploration, production and processing of crude and cabotage. In Mexico, the oil industry was amongst the first sectors to outsource work. To the benefit of a few companies, Pemex gradually became simply an administrator of contracts.

Contracts are awarded in four different ways: by public bidding, direct award, agreements between organisations and by invitation.

Corruption has resulted in hundreds of companies with no experience whatsoever being paid millions to conduct operations in the whole Campeche Basin. While pocketing excessive profits at a rapid rate, these companies have completely sacrificed working conditions, especially on the maritime oil rigs and ships.

The Campeche Basin’s strategic importance for national security
and the economy does not reflect the working conditions of those who are responsible for its production. Although we are now in the 21st century, the 32,000 workers on the rigs and oilfields in the Basin have working conditions similar to labourers during the Porfirio Díaz regime, whose semi-slaving conditions were partly responsible for triggering the Mexican Revolution in 1910.

The isolation of the Campeche Basin, supervised by the Naval Minister, which ensures that the Bay may only be accessed by helicopters or ships, leased to Pemex by private companies. Servicing companies have taken advantage of this to avoid their duties as employers, since there is no authority watching over what happens in the offshore oil industry.
II
Workers in limbo

The tendency of recent governments to reduce the directly employed Pemex workforce and contract more work means that a smaller and smaller number of workers are benefiting from the revenue made by oil workers in the past, in the form of good pay rates and significant social, health and education benefits.

Currently, only 4,000 workers in the Campeche Basin belong to the oil workers’ trade union, the STPRM, and therefore they are the only part of the workforce where their labour rights are ignored. All the rest, employed by contractors, cannot even be certain they will get paid when they disembark.

Companies no longer respect the pay differential that used to be present between the gas and oil industry and other sectors. Workers in the Campeche Basin do not receive higher wages than their colleagues in manufacturing, even though offshore work is exhausting and dangerous. Offshore workers are seldom paid for overtime and have no social benefits, for example, health care, which is sometimes only provided to them if they have an accident.

The flexibilising in complying with the labour regulation is also reflected in the relaxation of security regulations and in the non-appliance of industrial security programmes. Pemex does not comply with nor makes its industry comply with the International Labour Organisation’s (ILO) principles, in spite of the responsibility Mexico as a State member has to comply with agreements established by this Organisation for the workers’ benefit.

In the oil and gas industry in Mexico there is no dialogue between
employers and their workers and from institutions like the Labour and Social Prevision Secretary, which mission is to “promote and coordinate the elaboration of regulations on security and health at work, with the participation and consensus of the public and private sectors, as well as to impel at national level, the culture to prevent risks at work and the improvement of the labour media”, instead of these, it criminalises the right to free union association and the right to collective negotiation.

The fact that subcontractors are operating the industry has been especially problematic, because the companies do not adhere to clear standards according to industrial relations and working conditions, and the situation has got worse since the world crisis led to a drop of employment. The economic crisis has made work in the Campeche Basin even more precarious.

After visiting rigs, ships and recruitment agency offices in the area and talking with workers employed by both Mexican and foreign companies, we are able to describe the workforce’s grievances. The main ones include the following:

- When workers are recruited, they are compelled to sign a letter of resignation in advance.
- Workers are contracted to work probatory periods that are longer than the ones permitted by law.
- Workers are not provided with a copy of their individual employment contract.
- Workers are compelled to join yellow unions (protection or convenience unions).
- Workers are not provided with the benefits to which they have
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a legal right.

- Workers are not provided with the personal protective equipment required by safety standards: non-slip footwear, gloves, goggles or overalls. Divers are treated the worst in this respect – their diving suits are worn out and they have to share them.

- Work periods vary from three months at work and one month leave to 28 days of work and 14 days leave, even though the Federal Labour law (FLL) states that 14 days of work should be followed by a 14 days leave.

- Shifts are excessively long and are much longer than the eight hours stipulated by the FLL (in general, shifts are a minimum of 12 hours and workers are sometimes obliged to remain on duty for several additional hours).

- Workers share beds on a 12 hour shift basis.

- Workers on offshore duty live in unhygienic conditions and are provided with meagre rations.

- Workers are registred to the Mexican Social Security Institute (IMSS) at a rate of pay much lower than the one they actually receive. This fraud has an impact not only on IMSS finances but also on the sick pay and pension rights of workers.

- Employers do not pay the social insurance contributions for housing and pensions that they are required to pay by law.

- Companies use black lists to discriminate workers who stand up for their rights.

As has happened in Nigeria, the generalisation of subcontracting
in this industry in Mexico has left workers with less protection. Workplaces sometimes have more than four types of workers: direct employees of Pemex and subsidiaries; workers indirectly employed by Pemex through employment agencies and personnel consultants; workers employed by companies that have a contract with Pemex; and workers employed by subcontractors of companies that have a contract with Pemex. All these categories are also divided into based and provisional.

The further down the line that workers are, in terms of their distance from Pemex, the greater their grievances are.

The Federal Conciliation and Arbitration Court in Ciudad de Carmen (the nearest to the Basin) receives an average of 20 complaints every day from workers claiming they have been unfairly sacked or that their labour rights have been violated in the Campeche Basin. However, the slowness of the judicial process usually forces them to abandon their complaints, due to the company’s practice of compiling black lists to discriminate workers who make them. There are cases in the Labour Courts that were initially brought to court as far back as 1998.

Most workers are not registered at the IMSS. Those that are registered are as having wages of 50 pesos per day (about four dollars), which is the same amount they will receive in compensation in case of partial, temporary incapacity or death. The families of workers who have never been registered to the social security system will receive nothing at all.

The situation is illustrated by the case of Martín Esperanza Barahona, employed on the Borgny Dolphin rig owned by Perforadora Dolphin Mexicana, a subsidiary of the Texan consortium, Dolphin Drilling Limited. Martín’s monthly wages were 26,600 pesos.
At midnight on 20 February 2007, as he was supervising the unloading of materials being transferred by the Dolphin crane onto the rig, a rack of bottles of acetylene got caught, struck him on his back making him fall on his leg. He was transferred by helicopter to a private clinic in Ciudad Del Carmen. He was left unable to walk at the age of 43. The IMSS awarded a pension of 49 pesos and 75 cents per day, which was the equivalent to the 100 per cent of the wages for which he was registered at the IMSS by the company. A family father who returned to Agua Dulce, Veracruz, broken by the constant nightmare into which his brief dream of black gold had turned.

It is also common for companies to avoid their responsibility for paying compensation in the event of fatalities. One such case occurred with the ship Orión, owned by Naval Mexicana. It ran aground on 31 March 2006, 185 miles west of Progreso and 80 miles north of Cayo Arcas with winds of 90 km per hour. It sank with 950,000 litres of fuel. The ship was 41 years old and should therefore have been taken out of service since two decades before, as required by international safety standards. The ship was valued in one million dollars. Three workers died in this accident and the company refused to pay any compensation to the relatives of the deceased and the authorities have not used the legal mechanisms that would compel the company to pay.

The employers justify their attitude by claiming that the economic crisis has made it impossible for them to maintain a stable workforce. However, this is not a legitimate argument because most of the contracts with Pemex for offshore work are multi-annual and are worth millions. Moreover, it is the largest company of the ones that have dominated such work for years. Other employers try and justify outsourcing as “the freedom of employment”.

The practice of subcontracting in the gas and oil industry, makes
workers physically as well as financially insecure, because most workers receive no training and do not have the specialised experience required for this kind of work, which leads to irreparable losses, including the loss of life.

One case that illustrates the situation well, concerns to workers employed by a company that was practically improvised, called López García SA de CV, owned by an accountant, Orlando López, in Salina Cruz, Oaxaca. Pemex contracted this company to carry out maintenance work on ships transporting hydrocarbons. In October 2006, the workers, including minors, were told to carry out maintenance on the ship Quetzalcóatl, but they were not qualified to do such work. They were carrying out welding work but the tank had not been completely degassed. The ship exploded at the Pajaritos maritime terminal in Coatzacoalcos. Fourteen workers died, including six Pemex employees. The others, including two minors, were employed by the contractor. The authorities have so far not prosecuted the company and no-one has been detained or brought to justice.

This case shows the consequences of untrained workers in the gas and oil industry.

Due to negligence and corrupción by The Pemex Refinación management, Alejandra Pavón lost her oldest son. “He was a good boy, he studied and worked hard. He was my son!” She said.

On the night on October 21, 2006, at her humble home at number 18 Carranza street, the family, neighbours and residents of Cánticas, in Veracruz, were in mourning but they had to pray without the presence of the deceased’s body, because the advanced state of decomposition meant he had to be buried quickly.
In the evening of October 20, the despairing mother saw the gravediggers lower the remains of her son into the ground. He had been working at Pemex for one year to pay for a university course in administration, which he would complete in less than one year, planning to contribute upbringing his five brothers.

It was on the night of October 17 when Alejandra was shocked to hear about his death. At 13.19 on that day, there was an explosion on board the tanker Quetzalcoatl, at the Pajaritos Maritime Terminal in Coatzacoalcos, Veracruz. Fourteen workers, including three employed by Pemex and ten by the contractor López García S.A. (Four of them minors) were conducting maintenance work when the explosion occurred.

The bodies of the workers identified as the contactor’s employees were: Héctor Jarquín Morales, José Alfredo López López, Osvaldo Vázquez Flores and Pablo Santos García. The Pemex workers were: Edgar Trinidad Alemán Pavón, José Luis Pérez Ramón and Octaviano Hernández Mendoza.

The bodies were shapeless and scarcely recognisable. Forensic photographs showed the magnitude of the accident and the absence of any protection for the companies’ workers contracted by Pemex, to carry out maintenance work on the Quetzalcoatl.

The Pemex workers were identified by the company’s logo on their overalls. The contractor’s employees were identified by a few strands of hair and part of their faces. Edgar Trinidad Alemán Pavón was classed as disappeared until October 19, when he was identified by his mother Alejandra.

With the identification of Edgar, Pemex announced the end of “the rescue operation”. On October 22, Pemex divers found the calf and right foot of a body allegedly belonging to one of the de-
ceased in the maritime terminal lagoon, although this was never confirmed. The remains were placed in the Panteón Jardín mortuary, in Coatzacoalcos.

**The cover up**

From day one of the accident, Pemex officials have been covering up the negligence of its supervisors and superintendents.

In his report, the administrative coordinator of the Local Mutual Help Committee A.C. (Composed by the Red Cross, Capufe, The Health department and various Veracruz police bodies), Luis Rodríguez Montañó, stated: “When we were dealing with the incident, we only had the following information: that there had been an explosion, and that some workers had been injured and probably some were dead and that attempts were being made to control the fire caused by the explosion; however, at no time did we receive any information from any representative of Pemex or the maritime terminal”.

Pemex stated that the tanks on the ship were completely empty of fuel, as required by safety regulations, and that the contractor, López Garcia had complied with the regulations. However, an internal report by the Red Cross, dated October 17, said that the tanker was loaded with “Magna Sin petrol”. Pemex authorities dressed up the official report and claimed that the ship was not loaded with any fuel.

The expert report prepared by José Rentaría Esparza of the Veracruz Prosecutor’s Office, revealed that the tanker was carrying residues of Maya crude and heavy fuel oil, which gave off benzene and toluene, both highly explosive. Moreover, the systems used to measure the danger of explosions in the ship’s nine storage tanks were corroded and had been inoperational for several
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months.

On 3 May 2006, the Pemex General Superintendence for Maritime Transport signed contract 4600010145 with López García, S.A., for “general services” including the maintenance of pipes, exhaust gas ducts, boilers and fuel tanks of its fleet based at the Pajaritos Maritime Terminal.

Around the same time that Pemex awarded the contract to López García, S.A., the Secretaría de la Función Pública – SFP (Civil Service Secretariat) was investigating the company for the presentation of apocryphal documents, which it had done in order to be able to compete for Pemex contracts and for tax evasion purposes.

On 11 August 2006, the SFP disqualified the company for the period 12 August until 12 November because it had presented apocryphal documents to justify its fiscal situation and to be able to bid for tenders, restricted invitations and the direct award of Pemex contracts.

Its agreement with Pemex for the work in Pajaritos was due to be completed in November 2006, and although the company did not have the technical capacity to carry out the maintenance of the ship, Pemex officials let the agreement stand.

López García is a company that has no infrastructure of its own and no fixed labour force. It recruits workers, including minors, specifically for each contract. Its employees are not provided with uniforms, gloves, boots or any safety equipment. The forensic photographs of those who died showed they were wearing every day clothes and not uniforms.

One week after the explosion, federal deputies José Manuel del
Río Virgen, Luis Alonso Mejía García, Maribel Alva Olvera, Eric Rivera Villanueva and Robinson Uscanga, visited the Pajaritos terminal to examine working conditions at Pemex and confirmed that López García is a ‘fly-by-night’ company, without the technical capacity to carry out the work contracted by Pemex.

Del Río Virgen had this to say about his visit to Pajaritos:

“The pipes were tied together with rags, which indicates the standard of maintenance at Pemex’s high risk installations.”

With registered offices in Salina Cruz, Oaxaca, López García, S.A. was established in 1994 by Orlando López García, a chartered accountant who is also registered as Pemex legal representative. The company uses different tax registration numbers for its contracts with Pemex (LGA-940913-NT9 and LGA-940913-NTP), to provide the following services: “naval maintenance, general services, mechanical, civil, anti-corrosion coatings, pipe and machine insulation.”

Between 2003 and 2006, Pemex awarded the company 19 contracts on a public tender basis, 28 by “invitation” and 11 by direct award, worth 30 million pesos. According to official information from Pemex, it awarded the contract to maintain the Quetzalcoatl to López García S.A. because it “fully complied with the regulations” of the Safety, Health and Environmental Protection Programme (SSPA). The contract was awarded and approved by the superintendent of the Pajaritos Maritime Terminal, José Refugio Venegas, and the Naval Maintenance Superintendent, Marco Antonio Gálvez Reyes.

A few days before the López García workers began the “maintenance” work, the ship was used to transport heavy fuel oil and petrol, but the Pemex superintendent overlooked the need to
clean the residues.

The report on the fire and explosions cause, prepared by the Veracruz Prosecutor’s Office, concluded that the explosion was caused by the welding work being conducted on the tanker. The expert witnesses said that whoever authorised the work when the ship was still carrying fuel oil was negligent and unskilled and that measures were not taken to prevent the accident.

The tanks should have been empty and completely degassified before maintenance took place, especially given since the ship had transported maya crude and heavy fuel oil a few days before, both gave off benzene and toluene, which “reacted violently causing combustion and the explosion.”

The expert’s report said that at the Pajaritos terminal, a hole in one of the tanks (number 6C) had been covered with canvas to hide the fact that it was not empty so that the workers could begin the contracted work. Using canvas in this way caused the explosive gases to condense, escape and form an explosive mixture.”

The Pemex collective agreement provides that the company should compensate injured workers or the relatives of killed workers. However, the relatives insisted that there had been irregularities in the way compensation was calculated. Pemex claimed that José Luis Pérez Ramón, 23, was a “temporary” worker.

Neither the contractor nor the Pemex officials that awarded the contract knowing that the contractor did not have the technical capacity to carry out the work has been brought to justice. The accountant Orlando López continues to operate with other companies
that act as contractors for Pemex. This case shows how the Mexican government itself, through a state owned company, covers up bad practices.

The rigs in the Campeche Basin deserve separate treatment. Although most of them belong to major and prestigious international companies, they operate differently in Mexico, partly because the government allows them to.
III
Rigs: treasure for the transnationals, misery for the workers

During the last decade, Pemex has gradually and surreptitiously stopped operating its own rigs leasing them from transnational companies, mainly United States’ companies, for an average fee of $39 million pesos per day. Despite this lucrative arrangement, the consortia do not comply with minimum safety regulations endangering the lives of 30,000 workers in the Campeche Basin.

Onerous and unsafe: adjectives that define the rigs used by Pemex and its subsidiary Exploración y Producción (PEP) for the exploration and production of hydrocarbons in this area. The contracts in force dated 2004 count with 84 contracts with eight foreign and two Mexican companies.

The main companies involved are: Nabors Perforaciones, Perforadora Dolphin, Todco, Noble, Mexdrill Offshore, Pride Drilling, Mexico Drilling Limited, Perforadora Central, Goimar and Songa Drilling.

The number and size of contracts with United States’ companies means that 90 per cent of the budget for leasing rigs is paid to them. Although most of them are based in Texas, they are registered for financial purposes in Delaware, the Cayman Islands or Barbados. These are all considered to be tax havens by the Organisation for Economic Cooperation and Development (OECD) because of their lax financial regulations, protection of banking secrets and the ab-
ence of taxes, which means that most of them are not taxed in Mexico for the millions they receive from Pemex.

Located on the Atlantic coast and popularly known as the Land of Free-Tax Shopping, Delaware is the second smallest state in the United States and one of the most important financial centres used by companies from all over the world because of the fiscal benefits provided by local laws. The Delaware government claims that 250,000 companies from all over the world are registered for tax purposes in the state.

Along with the Cayman Islands, a British territory in the Caribbean Ocean between Cuba and Honduras coast, and Barbados, an island in the Atlantic Ocean, Delaware is the destination of the millions paid out by Pemex to lease these rigs.

The companies

The company that has received the most money for leasing its rigs is Noble International Ltd., founded in 1921 in the United States by Lloyd Noble and Art Olsen. It is based on Van Dyke Road, Warren, Miami. Its managing director is David W. Williams.

The company has ten subsidiaries: Noble Contracting GMBH, Noble Contracting Snarl, Noble Asset, Noble John Sandifer, Noble Drilling Carmen, Noble Bill Jennings, Noble Campeche Limited, Noble Drilling de Venezuela, Noble Offshore Venezuela, Noble Offshore Mexico. They are all on the Federal government’s register of service providers, at Francisco Petrarca 223, Chapultepec Morales, in the Federal District. None of them are registered for tax purposes in Mexico.

New York Stock Exchange (NYSE) data shows that Noble is one of the 20 biggest companies financially operating at the Cayman
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Islands.

According to the company’ information, Pemex is one of Noble’s main clients for the leasing of oil rigs. Since 2004 Pemex has leased the following rigs: Noble Bill Jennings, Noble Earl Frederickson, Noble Eddie Paul, Noble Gene Rosser, Noble John Sandifer, Noble Johnnie Hoffman, Noble Leonard Jones, Noble Lewis Dugger, Noble Sam Noble, Noble Tom Jobe, Noble Amos Runner, Noble Clyde Boudreaux, Noble Fri Rodli, Noble Jim Thompson, Noble Joe Alford, Noble Lester Pettus Noble Lester Pettus, Noble Lorris Bouzigard, Noble Max Smith and Noble Paul Romano, for a total of 22,000 million pesos.

In terms of the number of contracts signed with PEP, Noble is followed by Pride International Inc., which is based in Houston, Texas. It has operations in the United States, Africa, Asia, Europe, the Middle East and South America. The managing directors are Louis A. Raspino and Rodney W. Eads. For its work with Pemex, the company has a registered office in Puerto Industrial Pesquero, Laguna Azul, in Ciudad Del Carmen.

Pride registered the following subsidiaries as government contractors in the buying system of the Federal government: Pride Internacional de Mexico LLC, Pride Central America, Pride Drilling LLC, Pride Foramer. Since 2004, Pride Internacional de Mexico LLC has been awarded PEP contracts 10,000 million pesos worth for leasing rigs and Mexico Drilling Limited contracts for 1800 million pesos.

The next most important company is Perforadora Central, which is one of two companies with Mexican capital participating in the rig business (the other one is Goimar). The managing director is Guillermo Álvarez Morphy. Its headquarters are at Calle Montes Urales 520, Colonia Lomas de Chapultepec, in the Federal District. Be-
between 2004 and 2008, it received 9,000 million pesos from Pemex for the hire of the Usumacinta, Tonalá, Grijalva and Hakuryu-V rigs.

The case of Perforadora Central deserves special attention and we will look at it in greater detail below. For now, it is worth pointing out that a few months after the company was responsible for the worst accident in the Bay of Campeche in recent decades (the accident occurred in October 2007 and was considered to be one of the most serious accidents in the history of the oil industry worldwide), PEP awarded it one of the most lucrative contracts in its history. This was contract 421007801 for leasing the Grijalva rig, covering the period from 1 January 2008 to 31 December 2010 for 130 million pesos (1,300,000 pesos per day).

Next comes Mexdrill Offshore, Mexican subsidiary of the Diamond Offshore Drilling Inc consortium, dedicated to the leasing and sub-leasing of rigs and drilling equipment. The company has 36 subsidiaries registered in Delaware. According to the company’s own information, it is based in the Cayman Islands, Bermuda and Singapore tax havens.

The subsidiary began operations in Mexico in 2003. It has an office in the Federal District. Between 2004 and 2007, PEP awarded the company contracts worth 9,000 million pesos for leasing its rigs.

The cost of leasing Mexdrill rigs is comparatively high. For example, in 2006, PEP leased a rig for 6,132 million pesos for a two-year period. That same year, it leased its jackup rig Ocean Nugget for 1,837 million pesos and its rig Ocean Worker for 69 million pesos.

Next is Nabors Industries, a consortium set in Houston, Texas, in 1987. It leases rigs and provides exploration, drilling and hydro-
carbon production services. The senior managers of Nabors are Eugene M. Isenberg, president; Daniel McLachlin, vice president; and Bruce Koch, financial director.

Share holders include AIM Management Group, American Express Co., AXA, Barclays Plc, Citigroup Inc., FMR Corp. (Fidelity Investments), State Street Corp., Vanguard Group Inc., Waddell & Reed Asset Management.


It is registered for tax purposes at 2nd Fl. International Trading Centre, St Michael, Barbados. NYSE data shows it is one of the 20 main consortia operating from Barbados and from the Bermuda Islands. It also has financial operations in the Cayman Islands.

As a Pemex contractor, it has the following registered subsidiaries: Nabors Industries Company, Nabors Mexico Inc., Nabors Offshore Corporation and Nabors Perforaciones de Mexico. All have registered offices at W. Greens Road 515, en Houston, Texas.

Since 2002, PEP has paid Nabors Mexico 5,500 million pesos for the lease of rigs. Of this total, contracts for 2,950 million were awarded by public bidding and for 2,550 million by direct award. In 2007, soon after President Felipe Calderón began his six-year
In terms of the number of contracts, the next most important company is Todco, a subsidiary of the Offshore Drilling Company, founded in Houston, Texas. Its registered office is at 11 Greenway Plaza Suite, 2950 Houston, TX 77046. Its managing director is Jan Rask. It has the following subsidiaries: Todco Mexico Inc., Servicios Todco S. de R.L. de C.V., Todco Management Services Inc. LLC, Cliffs Drilling Company, Todco Americas Inc., Todco International Inc., Todco Trinidad Ltd., Cliffs Drilling (Barbados) Holdings, Cliffs Drilling (Barbados), Cliffs Drilling Trinidad, Offshore Limited Trinidad, Perforaciones Venrig S.A.

The subsidiary Todco Mexico Inc. has an office on the Carmen-Campeche highway, but it is registered for tax purposes in Delaware. In fact, the Federal government contractor register states that the company carries out “any legal activity permitted to companies by the laws of Delaware State”. In the last three years, it has been awarded contracts for 3,900 million pesos for the lease of the following rigs: The 153, The 206, Rig 2, RBF205, RBF206. The company’s financial operations are managed from three tax havens: Delaware, the Cayman Islands and Barbados.

The next most important company is Goimar Logística y Servicios, a company established in 2003, with offices in the municipality of Guadalupe, Nuevo León. According to its entry on the register of Pemex contractors, it provides marine, land and air logistics services. In 2005, it leased a ship to PEP, thanks to a credit obtained from the Banco Nacional de Comercio Exterior (National Foreign Trade Bank). In 2003, it received 1,800 million pesos as payment for leasing a rig and in 2007 it received 300 million pesos for leasing the second one.
Next is Perforadora Dolphin Mexicana, a subsidiary of the Dolphin Drilling Limited consortium, founded in London, Great Britain. It is managed by Iain Mitchell. It has offices in Ciudad del Carmen at Parque Industrial Laguna de Términos. It leases the following rigs to PEP: Bideford Dolphin, Borgland Dolphin, Borgny Dolphin, Bredford Dolphin, Byford Dolphin, Borgsten Dolphin, Borgholm Dolphin, Blackford Dolphin.

In 2004, it was paid 1,600 million pesos for leasing the Borgland Dolphin, Borgny Dolphin and Byford Dolphin rigs.

Songa Drilling, a Norwegian company, based in Oslo and with offices in Houston, Singapore, Australia and Libya, entered the Mexican market in 2006, when PEP leased its jack-up rig Júpiter at a cost of 1,194 million pesos for the period up to October 2008 (contract 421006803).
IV
The dark side of the rigs

Localised on the south of the Gulf of Mexico, between two geological-sedimentary provinces west of the Bay of Campeche and east of the Bank of Campeche which extends along an area of 90,000 square kilometres, lays what is known as the Campeche Basin.

The nearest rig is 75 km offshore and workers are transported there on ships leased by PEP from private companies therefore subjected to the physical and safety conditions determined by their owners, which are absolutely not in accordance with international safety standards (there are several reports that indicate both a lack of safety inspections and also inspections that do not comply with international standards). For example, the Seba’an, operated by the Oceanografía company, was still in use after it should have been taken out of service. It sank in October 2008.

In this area, which according to Pemex accounts for 82 per cent of the country’s production of crude oil and which is guarded by the Mexican Navy, only Pemex employees and workers employed on the rigs know just how unsafe the rigs are because of the lack of maintenance by transnational companies and the negligence of the Pemex managers who allow the companies to operate in this way.

Although the most well-known case is the Usumacinta rig, where 22 workers lost their lives in October 2007 and revealed the unsafe conditions that prevail in the Bay, this has not been an isolated case.

For the preparation of this report, we obtained the complete check-
lists for the 83 rigs leased to PEP since 2004. They show that some rigs did not comply with the terms of the contracts in question. In other cases, companies were allowed to make required technical changes after contracts were signed.

Some rigs operated offshore for as much as one year without Pemex or the Ministry of Labour and Social Welfare staff inspecting them as required by law, which means it is incomprehensible how companies were awarded contracts on the basis that their rigs complied with the technical specifications.

In many cases, although rigs were leased by direct award, a procedure used when rigs comply exactly with technical specifications and is offered at a relatively low cost, the physical condition of this maritime equipment has never been inspected and the costs are very high in comparison to international rates. However, above all, the checklists showed the absence of safety measures for this high risk activity.

Many rigs in the Bay of Campeche do not comply with the minimum health and safety standards set by the International Maritime Organisation (IMO), a specialised agency of the United Nations (UN), although Mexico has ratified all international conventions in this area, including the International Convention for the Prevention of Pollution from Ships (MARPOL) and the International Convention for the Safety of Life at Sea (SOLAS).

The above shows that contractors are not only violating international agreements on this issue but also not complying with PEP contracts, as the latter are drafted with reference to international standards. However, Pemex has never rescinded a single contract of this kind, not even in cases where companies have been involved in serious accidents.
The checklists highlighted failures in the inspections of rigs in the Campeche Basin because rigs should be inspected prior to contracts coming into force. In many cases, inspections were carried out only after rigs arrived in the region and in other cases, scandalously, as much as one year after the rigs began operations.

The checklists also highlighted the companies’ lack of attention to preventive and corrective maintenance, which increases the possibility of accidents that, as in the case of the Usumacinta rig, are later explained by PEP managers as caused by “meteorological conditions”.

In 90 per cent of cases, the most significant deficiencies were in the area of safety and the part that contractors sacrifice most is the welfare of their workers. More than half of rigs have very poor living conditions that do not meet the requirements of either PEP contracts or international standards. In some cases, the obligatory medical service is not even available.

In 2005, Pemex bought an expensive industrial safety programme from DuPont for use in all its workplaces – it was called the Emerging Health, Safety and Environmental Protection Programme (SSPA). However, the records of rig inspections that we obtained for this report revealed that the programme was not implemented in all areas of the Campeche Basin, or at least not adequately, because most companies do not comply with such minimum requirements as well-defined emergency routes and emergency evacuation procedures.

The checklists we obtained for this report also showed that Pemex does not comply with its duties under Article 17 of the Federal Health, Safety and Labour Environment Regulations. This is especially clear on the rigs belonging to the Texan consortiums. These rigs are the oldest and also the ones that get least maintenance.
The conditions, location and work on the oil rigs in this key area of oil exploration and production are considered by the Mexican government to be a matter of national security. Information is “classified” for 12 years. Only Pemex managers and contractors know the physical condition and infrastructure of the rigs and the deficiencies only come to light when a disaster happens.

The checklists obtained for this report, documents that Pemex considers “confidential”, reveal that some rigs are not in a fit state to operate, a situation that seriously threatens the physical integrity of workers.

In 2007, 40 rigs belonging to Texan companies began operating. The infrastructure and safety systems of most of them had serious deficiencies that were identified as soon as they began to operate. Inspectors described two of them as “not suitable” for use. However, the contracts in question were not rescinded and the rigs are still operating, in high risk conditions.

Thirty-one of the 40 rigs that entered PEP service in 2007 are owned by Mexdrill Offshore, Noble Contracting, Nabors, Todco, Pride Drilling and its subsidiary Mexico Drilling. All were leased without the option of purchase. Almost all of them did not comply in one way or another with SOLAS and MARPOL. Moreover, the equipment stipulated in the contracts and paid for by PEP was not the same as the equipment found on the rigs when inspected. This damages the interests of Pemex, endangers the lives of workers and harms oil production.

In September 2008, the ITF Offshore Task Force Group (OTFG) met in Mexico to discuss the situation.

During his visit to the country, Norrie Mc Vicar, ITF-OTFG Chair, explained that during the inspection he conducted in the Campeche
Basin, he found that “the same consortia that have rigs and good industrial practices in other oil producing countries lower their standards in the Gulf of Mexico and do not comply with international safety standards.”

The OTFG is responsible for the inspection and verification of compliance with international standards on oil rigs in the 148 countries in which the International Transport Workers Federation has members, including Mexico.

After several years in which a team of its inspectors has been working in Mexico, the ITF has concluded that the oil industry in this country has the worst working conditions in the world, similar to those in Nigeria. Norrie Mc Vicar explained the similarities between the two countries to ITF delegates at a meeting in Mexico. He said that the main problem in the oil industry in these two countries is corruption.

With regard to the consortia that own the rigs, Mc Vicar said: “these United States’ companies operate in most of the oil producing countries, but their practices are different in Mexico, where they do not comply with the standards because the authorities allow it to happen and this is a result of the massive corruption in this country’s oil industry.”

“We have found that the United States companies operating in the Mexico offshore industry are responsible for bad practices that do not occur in any of the other country where they do business. They do it because the government allows them to and because nobody is supervising them. The most negative aspect of this is that these practices are copied by all the other companies, which are always on the look-out to increase their profits”, explained Ake Selander, President of the International Union of Marine Engineers and an ITF inspector in the United States.
One of the companies in question is Mexdrill Offshore, a subsidiary of the Diamond Offshore Drilling consortium that began work as a Pemex contractor in 2003. Four of the rigs leased for the period 2007-2010 belonged to this company: Ocean Nugget, Ocean Worker, Ocean New Era and Ocean Ambassador. In addition to the fact that the company is exempt from taxation because it operates from tax havens (Delaware, Cayman Islands, Bermuda and Singapore), Pemex allows it to operate its rigs under flags of convenience.

Mexdrill rates are among the highest. Pemex pays an average daily rate of one and a half million pesos to lease rigs, although this is no guarantee of quality. The Pemex checklist shows that all four rigs have deficiencies. Ocean New Era was declared to be “unsuitable” but inexplicably the contract was not rescinded.

The Ocean New Era was built in Alabama in 1974. It used to operate under the flag of the United States but Pemex allowed it to operate under a flag of convenience (Marshall Islands), according to data from the Mexican Navy Department (SEMAR). On 27 July 2007, it was leased for 250 million dollars (contract 421006824). PEP’s assistant manager for Drilling Resource Materials agreed to lease the rig even though the original contract stipulated that the rig had to have been built no earlier than 1990.

When the Ocean New Era went into operation in the Bay of Campeche, it was not inspected, as required by the law. It was inspected three months later. On 14 October, the multidisciplinary team responsible for the checklist, led by Alberto Soberanis Gutiérrez, concluded it was “unsuitable” because it did not comply with minimum safety requirements. The document reveals that the two-day inspection found the rig was “unsafe” and did not have an emergency plan. For example, an alarm indicated the presence of gas, but the contractor’s workers did not know how to deal with it.
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It was found that the rig did not have the basic hydrogen sulphide detection safety package (hydrogen sulphide).

Even with these deficiencies and the potential risk they represented, the rig will cost an average daily rate of 3.5 million pesos until January 29, 2010. The Ocean New Era is currently operating in the north of the Ku-Maloob-Zaap oilfield, alongside the Petrolia rig.

On 26 July 2007, another two Mexdrill rigs began to operate in the Basin: Ocean Voyager and Ocean Worker. The first was built in 1973 and brought from Puerto de Sabine Pass, Texas. It was leased for 324 million dollars (contract 421006823) and awarded by PEP’s assistant manager for Drilling Resource Materials, based in Villahermosa, Tabasco. It was inspected in November, four months after it began to operate. The regulations state that an inspection should take place before use.

The contract provides for the complete maintenance of the rig and the cost of the crew (42) from July 26, 2007 to February 10, 2010. The inspection found it was in a poor state of maintenance. The cranes, living quarters, dining room and medical service infrastructure were dilapidated. On the safety front, the fire extinguishers were out of date, the lifeboats had no communication equipment and the paddles were not working. The life rafts were also unsuitable.

Communication systems are vital on the rigs in order to communicate with land and they are also required by international safety standards. The Ocean Voyager systems were incomplete and did not work. In view of these deficiencies, representatives of PEP’s Industrial Safety, Environmental Protection and Quality Department (SIPAC) refused to sign the report describing the rig as “suitable” for operation and they submitted a series of observations.
The checklist for the Ocean Worker, leased for the period from July 26 to August 24, 2007 (contract 421007826) indicates that the heliport had faults, as did the gas detection systems.

In December 2007, the Ocean Ambassador, built in 1975, entered operation and was leased until April 2009 (contract 421007832). The inspection report indicates that the software being used was not the software stipulated in the contract. There were also faults in the fuel flow measurement’ systems.

**Todco, high-risk rigs**

In 2007, Todco, the Texan subsidiary of the Offshore Drilling Company, leased the jackup rigs: The 205 and The 206. The first one, for the period from June 25, 2007 until June 23, 2009. The second for the period from October 29, 2007 until October 27, 2009.

The specialist that inspected the 205 rig described it as “unsuitable”. However, once again, the contract was not rescinded. It was inspected in January 2008, three months after it began work. There were so many deficiencies that the SIPAB representatives, Alberto Pérez Hernández and Claudia Lizbeth Martínez Ascencio refused to sign the report, as did Ignacio Cárdenas Castan, responsible for SPESO maintenance.

It was discovered that the The 205 needed urgent anti-corrosion maintenance. The radio transmitting equipment was incomplete. The general alarm system had no signs. The cranes were unable to move the cargo as required, which meant that work in the wells had to be changed. The well drilling stand had no communications equipment. The contractor did not present reports on the wells that were being worked, or about the faults encountered during the work and the corrective action taken. There was no sludge mixing system.
In addition, the fire-fighting pumps would not reach the required pressure. The cargo holders were rusty and broken. The ecological burner did not work even though the contract states it must be operational when the rig begins work and throughout the contract period. Piles of hydrocarbon residues were everywhere. The drainage in the living quarters and drilling floor was blocked.

The medical facility lacked equipment and the quality of both the furniture and clinical equipment was below minimum requirements. For example, the report states that the stretcher located on the drilling floor was dirty and the tubes were corroded. The office furniture was rusty and the lateral grooves were sharp. The software and hardware did not meet the requirements stipulated in the PEP contract.

With regard to safety systems: the lifeboats had not been maintained and did not pass the hoisting test. The lifeboat engines did not work. The contract stipulated that there must be four oxygen resuscitators but there were only two. The safety cables were deficient.

The checklist for the 206 reveals a deficient infrastructure and failures in safety systems. It did not have the class ABS certificates. It did not have hydrogen sulphide detectors or alarms to detect gas.

The heliport needed anti-corrosion maintenance and a fire prevention programme. Neither the cranes nor the drilling zones had communication systems. The pumping equipment was deficient and the engines were damaged.

All furniture in the living quarters needed to be replaced. Rig personnel could not prove they had the necessary experience and neither were they trained to deal with emergency situations.
Noble, very old rigs


The heliport is a strategically important area of the rigs for arrivals, transfers and the emergency evacuation of personnel and materials. The sections on heliports in PEP contracts are based on international aviation standards and the rates paid to companies are based on the assumption that these areas are in optimum condition.

The inspection documents reveal that the heliport safety, infrastructure and maintenance standards on the Noble rigs were deficient. At the time of the inspection, more than half of them had deficiencies in safety, maintenance, cleaning, anti-corrosive treatment, fire prevention systems, night illumination, access routes signalling and instructions for passengers’ safety.

The Noble Earl Frederickson rig is a case in point. It was leased to Pemex for the period from May 2, 2007 to April 30, 2008 (contract 421007810). The heliport for the use of Bell 412 helicopters was accepted "conditionally" because the inspectors noted it did not comply with safety standards.

In general, the Noble rigs lack preventive and corrective anti-corrosion maintenance. The cranes were faulty and the rescue equipment (launches, boats, paddles) were in poor condition. The emergency alarms were faulty.

There were also faults with the hydrogen sulphide gas, fuel gas, smoke and fire detection systems, which, according to PEP docu-
ments, required immediate maintenance at the time of the inspection.

For example, the Noble John Sandifer rig, leased for 161 million dollars for the period from 20 September 2007 to 20 March 2010 (contract 421006837) was inspected on 23 September 2008. The inspection report refers to “excessive corrosion”. The entire structure of the rig needed emergency anti-corrosion maintenance. Tools were in an advanced state of dilapidation and needed to be replaced, although the company charged Pemex as though they had been new, the cranes were not calibrated and the steel cables were not certified.

In the well drilling area, there were faults in the sludge pit valves, drilling anchors, the liquid material transferring connections; there were no pumps for the wells; the drilling floor needed anti-corrosion maintenance and new wiring. The rig did not have all the active additives and sludge mixing equipment that the company was charging PEP for and those present were faulty, as were the drilling anchors. There were no sensors to measure drilling parameters.

The living quarters were completely dilapidated, for example there was no air conditioning (indispensable for the high temperatures in offshore waters), the panels of the cabins, corridors and offices were broken or not present; the toilets were unusable. The material and pipe storage areas did not comply with health and safety standards. The pump area needed anti-corrosion maintenance, greasing and checking as did the control lines.

There were faults in the fire prevention network and smoke detectors. The general alarm system did not function. The rig did not have certificates from any classifying society belonging to the International Association of Classification Societies (IACS), as required by the contract. Rescue equipment, including lifeboats and
inflatable rafts was not in order.

Cranes are a crucial element for rig operation and this is one of the most important areas covered by the contracts. However most of the cranes on Noble Consortium rigs were faulty, according to the inspection reports. Others did not have the capacity stipulated in the contract for loading and unloading to and from the rigs and supply vessels. All of them needed immediate maintenance.

For example, on the Noble Sam Noble rig leased for the period from September 21, 2007 to March 21, 2010 for 161 million dollars (contract 421006846): the crane had no emergency system and the steel cables were not within acceptable metallographic margins.

The cranes on the Noble Johnnie Hoffman rig, inspected on October 28, were faulty and the alarm systems throughout the rig were damaged. As for rescue equipment, the closed lifeboats (known as mandarins), the launches and emergency navigation equipment did not work. This rig was leased for the period from October 15, 2007 to October 14, 2010 for 163 million dollars (contract 421006844).

The leasing contracts were awarded to Noble supposedly because they complied with the technical and financial specifications set out in the invitation to tender, but the inspection report shows that some of the rigs that began operations last year were given more time to adapt to the specifications stipulated in the contract. In other words, they did not meet the specifications when the company was awarded the contract.

One such case is the Noble Tom Jobe rig, leased for the period from August 8, 2007 to August 8, 2008 (contract 421007820). At the end of August 2007, during the inspection, it was given three months to adapt the infrastructure and materials to the contract
specifications. There was no further inspection to check whether the company complied with these requirements or not.

Another extension was given for the Noble Eddie Paul rig, leased for the period from June 5, 2007 to December 3, 2009 for 165 million dollars (contract 421006831). According to PEP documents, the control panels, the pressure and sludge level indicators were rotten. Nevertheless, the rig was allowed to operate.

The case of Nabors

In 2007, Nabors leased five rigs to PEP, two of them by direct award. When the experts inspected them, they detected deficiencies in all of them. There were a series of faults in the heliports, drilling areas, living quarters and safety systems.

There was no risk atlas, no plans for the distribution of emergency equipment, no evacuation routes and no safety mechanisms. The gas and fuel alarms were not calibrated. The lifeboats did not pass the hoisting and navigation tests. Some fire extinguishers lacked of labels. Handrails were loose.

Pemex contracted Nabors rigs without a public invitation to tender on the grounds that they complied exactly with contractual specifications. In contrast, the internal documents reveal that not all of them met them.

One such case was the Mase 802, leased for the period from May 24, 2007 to February 11, 2008 (contract 421006840). The contract stipulated a 147 foot mast and a nominal minimum gross capacity of 1,100,000 pounds, but the Nabors rig was 100,000 pounds lighter. Other aspects that did not meet contract specifications included the lack of a closed circuit television system with zoom capabilities able to monitor all operations. The contract required
motor-generator units with electrical starting mechanisms, while the Nabors was manual. Neither did the drilling equipment meet contractual specifications. Nabors claimed it had a system for separating solids in its proposal to Pemex, while in fact it was only in the process of acquiring one.

There were faults in the hydrogen sulphide, gas fuel, and smoke and fire detection systems in the areas of greatest risk: engine room, drilling floor and living quarters. The oil drainage system did not have a pollutant separator and there was no collection tank to prevent oily water being disposed of directly into the sea.

The heliport on Mase 802 did not comply with minimum safety standards. The crane windows were broken, there was no extinguisher and the tachometer did not work. The bathrooms and toilets, the water treatment unit and water heaters were in poor condition. The kitchen and mess room did not comply with contract specifications.

The most serious issue concerning the safety equipment: life jackets, lifeboats, life preservers, inflatable rafts, oxygen resuscitators and lifebelts needed to be replaced. The fire prevention network did not work; the pump pressure was 50 percent of the minimum required. There was not the minimum required number of fire extinguishers.

The contract stipulated that there should be a least one water desalination unit to provide drinking water in emergencies. The desalination unit on board the Mase 802 was out of order. There were no safety signaling in the living quarters or in other strategic operations areas. The staff did not have the minimum knowledge of how to deal with risky situations.

The leasing contracts stipulated that the certification of all person-
nel on board was indispensable, but none of the workers on this rig, including the company manager, the officers responsible for maintenance, machinery and electrical systems or the personnel responsible for drilling wells were able to prove they had the relevant experience.

In the case of the P-18, leased for the period from March 3, 2007 to January 19, 2009 (contract 421006841), faults were discovered in the gas detection systems; the heliport did not have a certificate guaranteeing it had the infrastructure to receive the vessels. The most sensitive aspect was that there were no alarms in the living quarters and the medical room lacked basic equipment.

When the Super Sundowner X rig, leased for the period from July 9, 2007 to July 25, 2008 for 22 million dollars, was inspected on December 12, it was discovered that the monitoring equipment throughout the rig was faulty so that it was not possible to monitor loading, unloading or drilling operations.

The report states that conditions at the heliport put helicopters at risk when landing. In the operational area, the high-pressure pumping unit and the sludge pumping units were not working. The contract stipulated that the rig must have had an oily water separator and a collection tank with interconnected drainage lines. The inspectors found that the separator was not installed. This means that the rig had been pouring polluted water directly into the sea for more than one year.

In the kitchen, deficiencies were identified in the food preservation area. In addition, the company did not have certificates for the rig’s lifeboats.

Health and safety conditions are poor on the rigs because inspections are sporadic. Rigs leased for a period of several years might be
inspected once a year. Workers in the Bay of Campeche complain that contractors take advantage of the lack of supervision to avoid compliance with the requirements not only of the contract, but also with the minimum health and safety provisions of the FLL.

One such case was the Nabors 659 rig, which began operations for PEP on 15 January 2007 (contract 421006822). An inspection that took place three months later on April 26, found out that there was no medical service on the rig.

**Lack of compliance by Pride Drilling**

In 2007, 10 rigs owned by the Texan consortium Pride entered the Bay of Campeche. Even though this is one of the companies that have been paid most money by the PEP for leasing its equipment, it has not attempted to provide the rigs with the communications and safety systems specified in the contracts. Nevertheless, PEP has not fined the company for this as it should have done. The main irregularities on the Pride rigs were related to the supplying of goods and to the communications and safety equipment. Inspectors even found that one of the rigs was running unlicensed software.

On the Pride 100SE, leased for the period from April 19, 2007 to April 17, 2009, it was discovered that the inflatable rafts were outdated, there were no life preservers and not enough lifejackets. On the Pride Tennessee, leased for the period from March 1, 2007 to August 28, 2009, the heliport did not have a fire prevention system installed.

Fire extinguishers on the Pride Oklahoma jackup rig, leased for the period from August 11, 2007 to August 9, 2008 were found to have been out of date since November 2004. The rig had no resuscitators and safety instructions were not in Spanish. The engines had leaks and the safety valves were missing. Much of the contracted
equipment was not on the rig and the contractor said it was in the company’s warehouse in Ciudad del Carmen.

The Pride Louisiana rig, leased for the period from March 17, 2007 to March 15, 2009 (contract 421006829) did not have enough inflatable rafts for the whole crew in violation of the contract and SOLAS regulations.

In November 2007, the Pride Texas rig, leased to PEP for the period from September 15, 2007 to September 13, 2009 (contract 421006832) was inspected. According to the checklist, the whole rig needed anti-corrosion maintenance and “ordering and cleaning of fire prevention equipment”. Motor generator units, engines and ducts needed emergency maintenance. Although the rig had been in operation for two months, not all the contracted equipment was present and the crane did not work.

The Pride Mississippi, leased for the period from September 17, 2007 to September 15, 2008 (contract 421007808) required anti-corrosion maintenance, did not have all the contracted machinery and did not have rescue units.

The Pride Colorado, leased for the period from July 1, 2007 to June 29, 2008 (contract 421007809) also suffered from a lack of general maintenance; blocked drainage and toilets; incomplete medical equipment; defects in the well lines; the fire prevention and gas systems had leaks.

One sui generis case was the Pride California, leased for the period from October 29, 2007 to October 27, 2008 (contract 421007825). Inspectors found so many deficiencies that the consortium’s representative, Bruce Thornock, and the Pride operations coordinator, José Rodrigo Nieto Loyo, refused to sign the report.
The rig had no relevant and up-to-dated certification documents, that is, no classification society had assessed its condition. This implies anomalies during the bidding process because there is a legal requirement to present and approve such certificates.

Problems with the Pride California included deficiencies in the heliport; there was an urgent need for anti-corrosion maintenance in the crane area; the cabin had a leak of hydraulic oil and no windows. The drilling equipment was rusted and some metallic parts and handrails were bent. The safety equipment had not been maintained. All the furniture in the living quarters was dilapidated. There was no medical equipment, and there were other irregularities.

Through its subsidiary Mexico Drilling Limited, Pride leased the rig Pride 1002E to PEP for the period from June 27, 2007 to June 25, 2009 (contract 421006842). Inspectors found that it was operating without an ecological burner, contrary to international standards and in violation of the PEP contract. The heliport had no fire prevention system or personal protective equipment. There were defects in the drilling equipment, crane, engine pumps and engines. The medical equipment was in a poor state. The Pride charged PEP for four industrial washing machines and four industrial dryers for the crew, but the rig did not have any.

The rig had no lifeboats, rafts, safety signs or evacuation routes. During the inspection, the company argued that the rig had no lifeboats on board “because of a lack of space”, and claimed that “they could be shown to PEP when necessary”.

Captain Joaquín Dorantes, ex-employee of Pemex and currently a member of the Frente Unido de Marinos Mercantes Asociación Civil (FUMMAC) explains that a lack of inspection on rigs results in frequent accidents in the area. The specialist said that the checklist should be completed before contracts were signed and
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while in operation. However, as we have shown above, this does not happen.

Mexican law states, that the Ministry of Labour and Social Welfare (STPS) and the Ministry for Communications and Transport (SCT) are responsible for conducting regular inspections of rigs, ships, oilfields, production facilities and all other workplaces in the Campeche Basin, but they failed to carry out this duty. For example, the STPS claims that it does not have the necessary inspectors to do this.

For years, Mexican unions affiliated to the ITF have put pressure on the STPS and the SCT to monitor the poor working conditions in this area, especially given that neither Pemex nor contractors comply with employers’ duties. ITF affiliates have also documented the main grievances. Oddly, it is the same Pemex that impeded visits by ITF inspectors Enrique Lozano and Honorio Galván in Mexico. They were denied access even though they are representatives of Mexican trade unions acting on behalf of the workers they represent requests.

While Pemex is negligent, the contractors are insatiable.
V
Perforadora Central: unsafe conditions, impunity and corruption

Employees of Pemex and its contractors have repeatedly denounced these unsafe conditions to the Mexican Congress and Pemex, was no longer able to conceal the situation after a series of spectacular accidents in 2007:

- On February 3, there was a fire on Akal-J4 rig in the turbo generator exhausts. The fire was caused by a leak of heating oil from an Eclipse oven.

- On April 25, three workers were killed on the Sonora rig.

- On May 21, 2007, two Nabors employees, Leonardo Rincón and Eduardo Galicia Pérez, died during an emergency drill in the area of the MASE 803 drilling equipment installed on the Maloob A rig. Workers entered the vessel ready to test the starter motor and carry out an inspection when the lifeboat came loose, knocking the workers into the sea.

- On July 24, on the AKAL B rig, an employee of Weatherford de Mexico, S.A. de C.V., Eladio Hernández Alemán was killed. Employees of Nabors Perforaciones were conducting drilling operations, when extending the Top Driver arms to align a pipe prior insertion, the pipe slipped and fell vertically on the east side of the rig where Hernández was working.

- On August 29, one worker was killed on the Maloob rig during drilling operations by Noble Contracting. The dead worker
was Edwin Albert Anderson, an employee of Noble Contracting, S.A. de R.L., who was working as a crane operator on the Maloob B rig, with equipment leased to the mentioned company. The operator was reorganising materials on the deck when the jib fell on the crane control cabin.

- On September 5, on the Hellespont Trooper tanker, Ulises Carrillo Domínguez was killed. He was an employee of Manpower, subcontracted by BW Bergensen Worldwide. The worker, who was a mooring seaman, was connecting hoses on the tanker Hellespont Trooper when one of the horses came loose and hit him. He died a few minutes later.

- On October 4, there was a leak of hydrogen sulphide on the Ixtal-A rig, Manuel Villalobos Campan, a driller employed by Pemex, was working on the Rig-3 equipment at the Ixtal 34 well when gas was detected in the mouth of the well, activating the alarms indicating the presence of hydrogen sulphide. Installation personnel proceeded to use their autonomous breathing equipment and make the well safe. However, Manuel Villalobos quickly became unconscious and died. Oscar Ramiro Zúñiga, drilling assistant, suffered a hard bump getting injured in his left eyebrow and José G. Herrera Juárez, a floor hand, had a nervous breakdown. Both were taken to Ciudad Del Carmen to be evaluated. The medical report described their condition as stable.

- On October 5, another worker was killed on the Sonora rig.

- On October 8, During a cleaning work on the Potrero Llano-Naranjo gas pipeline, three Pemex workers died for poisoning and two were hospitalised in Álamo, Veracruz.

- On October 11, 176 workers employed by two contractors
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(Cotemar and MMM) who were being transported from the Laguna Azul quay in Ciudad del Carmen to the rigs, when their ship collided with the Seba’an, owned by Oceanografía, before the collision, the vessel had caught fire and the workers threw themselves into the sea. One of them, Gualberto Márquez Jiménez, a welder from Paraíso, Tabasco drowned.

- On October 22, after an explosion at the engine room, the ship Oficina Porvenir, owned by Transportación y Servicios Marítimos S.A. de C.V. sunk. There were 14 workers on board. One crew member, Carmen Aguilar Morales, drowned. Her body was never recovered. The supply ship from Oficina Porvenir was collecting residues, metal waste and rubbish from offshore installations in the Campeche Basin.

- On October 23, the Kent Tide, owned by Tidewater, sailed into port with 12 crew, including Juan Carlos Reyes Pérez, 22, officer in practice and Esteban Galaviz Márquez, 59, First Officer, suffered minor injuries caused when the bridge’s window panes broke.

- On October 23, a severe storm caused a fire on the Kab 101 well, at the Campeche Basin, causing the collapse of the Usumacinta rig, owned by Perforadora Central. This cost the lives of 22 workers and a further 68 were injured. This was one of the worst disasters in the history of the oil industry and the worst in the Campeche Basin. The most unfortunate aspect of the event was that only the authorities were surprised – the workers and their organisations knew that something like that would occur sooner or later.

- On October 23, a Tidewater crew member on the Morrison vessel, died while assisting the Usumacinta disaster.
A predicted tragedy

Since 2003, the labour research centre, Centro de Reflexión y Acción Laboral (CEREAL), which is a member of the International Coalition of American Human Rights Organisations and of the Mexican Chapter of the Inter-American Platform for Human Rights, Development and Democracy, has documented the problems with the rigs owned by Perforadora Central.

Manuel Padrón Flores, lawyer and coordinator of CEREAL, explains:

“Everything we know about the company’s history means we were not surprised when the Usumacinta accident happened. It was not unexpected, it was rather a predicted tragedy, an accident that was allowed to happen and that had the consequences we know about. It was not caused by magic or by the weather conditions but resulted from the unsafe conditions in which Perforadora Central’s workers were and are working with.”

“Workers on the rigs receive no training, are unaware of safety standards and do not comply with the minimum requirements for working on rigs. The company recruits them on the basis that the less they know about their rights, the easier it is to exploit them.”

In 2004, CEREAL denounced problems at Perforadora Central to the STPS. The ministry’s weak response was paying a couple of visits during which he surprisingly claimed that “everything was in order”. However, the inspectors did not check either the level of training or the health and safety conditions and, in addition, scandalously gave their support to a trade union that the workers had denounced as a yellow or protection one.

Because of their seriousness, the irregularities at Perforadora Cen-
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tral were also documented by the Inter-American Commission on Human Rights (IACHR) and the United Nations (UN) in its Report on the Violation of Human Labour Rights in Mexico.

Workers’ organisations in the sector called on Pemex to investigate the causes of the accident and this request was supported by the National Congress. Under this political pressure, Pemex agreed to form an “independent commission” supposedly to allocate responsibilities. The result was not only a failure – it was also offensive to workers. After one year in which the commission was supposed to be investigating, it tried to blame the victims (the dead workers) by accusing them of negligence.

On 31 October 2008, Pemex announced that the report produced by the Battelle Memorial Institute exonerated it “from any responsibility” for the Usumacinta accident. The report, which Pemex paid for, blamed the dead workers. The report stated that the heavy swell coupled with the fact that the crew panicked led them to open the life boats known as mandarins’ access hatches, thus causing their death.

That same day, the SCT accused some of the dead workers of using apocryphal identity documents (seamen’s book) and of not having attended to safety training courses to work on offshore rigs and ships. The course certifies that those holding them can swim in extreme conditions, work offshore and deal with emergencies. The relevant course to obtain the seamen’s book in Ciudad Del Carmen costs between 4,000 and 6,000 pesos. Local training companies offer them to companies in a “package”. The document is issued by the General Director of the Merchant Marine from the SCT Secretariat.

Although international maritime organisations described this as one of the most serious disasters in the history of the oil and gas
industry, the authorities disagreed and washed their hands about the matter. Perforadora Central was simply given an administrative punishment. None of its contracts were suspended and it was even awarded new contracts. The federal authorities decided that it was not appropriate even to disqualify the company, even though the accident implied non-compliance with contract 421006828, through which Perforadora Central leased the Usumacinta to PEP.

The contract stated that the subsidiary must first verify the technical capacity, provisioning arrangements and infrastructure of the rig; verify the level of training of officers and crew to be employed during the stipulated contractual period (from June 20, 2007 to June 18, 2010) considering that all these items were included in the daily lease fee.

The allegedly “independent commission” claimed that one cause of the accident was that: “There was no awareness that the meteorological event faced by the Usumacinta rig could lead to such displacement from its original position. The risks, to which rigs of the Usumacinta (MAT-Cantilever) type were exposed to, especially in situations of potential instability of the rig, had not been correctly assessed.”

The report went on saying that “the rig did not have instruments to detect its movement and that the training the crew had to react in an appropriate and safe way to emergencies was inadequate. They did not know how to proceed once in the lifeboats or how to carry out the necessary manoeuvres or how to survive at sea. The leaders of the lifeboats did not have the knowledge or authority to maintain order and control the panic.”

Neither did they have “the equipment necessary for rescue operations during a severe meteorological event. The ships that came to assist did not have the equipment or capacity to conduct an efficient
All the requirements mentioned by the commission are set out in the leasing contract between Perforadora Central and PEP and are also minimum requirements according to international safety standards for offshore work. The contractor also included them in the fee charged to PEP, which was about one and a half million pesos per day.

The report was published one year after the disaster. One month before it was made official, Pemex directors awarded Perforadora Central two new contracts worth 73 million pesos for the transport of personnel in the Campeche Basin. In addition to the Usumacinta, Grijalva and Tonalá rigs, the company leases the ships Don Javier, Don Enrique, Don Fausto, Don Rodrigo and Don Francisco. The crews on these ships said that the conditions on the other rigs are similar to those on the Usumacinta and warned there could be another accident if the authorities do not intervene.

In response to the reports that exonerated Pemex of any responsibility for the disaster, personnel in the Campeche Basin, including Pemex and the contractors’ employees, wrote to the President of the Republic denouncing the complicity between a group of current and former Pemex officials and Perforadora Central, including the PEP director, Carlos Morales Gil; the sub director Héctor Leyva Torres; the sub director of the Northeast Marine Region, Javier Hinojosa Puebla; the former Asset’s Administrator, Jorge Andrés Pérez Fernández; the Integrated Maintenance manager, José Guadalupe de la Garza Zaldívar and his subordinates, superintendent Martha Alicia Castañeda and Mireya Juanita Miranda; and the Marine Control coordinator, Javier Vizcarra Moreno.

All these officials endorsed operation of the Usumacinta despite its deficiencies. The letter to the President explained how the union
felt:

“Dr. Felipe de Jesús Calderón Hinojosa, President of Mexico. You cannot allow this deception; you cannot allow yourself to be taken in by a report that does not look at the situation in depth. You would lose credibility. We are indignant because the report blames the dead, who cannot speak in their own defence. We cannot allow this report to be forgotten and go down in history as yet another case of impunity. The blame should be put on whoever was in charge, behind a desk and a microphone at the Marine Control Centre in Ciudad Del Carmen, Captain Javier Vizcarra Moreno, Maritime Control Coordinator, who directed operations during the events on the Usumacinta Rig.”

The official report, which blamed the dead workers, was rejected by the workers’ democratic organisations, human rights organisations and a wide range of energy specialists. The report did not assess the general situation of workers in the Basin, which has also been repeatedly denounced by international organisations such as the ILO and the IACHR. In fact, since 2004, the IACHR has been calling on the Mexican government to monitor compliance of the law by companies that lease their rigs to Pemex.

Representatives of organisations have explained in detail why they reject the official report on Usumacinta:

“The corruption of the officials in control of Pemex Exploración y Producción during the last six year period have allowed Perforadora Central to violate labour laws, specifically articles 153 A in chapter 3 bis and article 194 of the FLL, as well as international safety agreements, conventions and laws, resulting in material losses and, in the case of the Usumacinta rig, the loss of human life”. (Enrique Pacheco Georges, leader of the Asociación Sindical de Oficiales de Máquinas de la Marina Mercante Nacional and a member of the
“We thought they were going to look at the causes in detail, and in all aspects of the workers’ lives but unfortunately the report only fell in the company’s dirty tricks and did the Labour authorities a favour. It is impossible for us to accept that the accident was blamed on careless workers and that no consideration is given to the conditions in which the workers were working or the company’s actions and attitudes towards its employees and how it engaged in the super-exploitation of workers to an extent that is more than humanly possible”. (Manuel Padrón Flores, CEREAL).

In conclusion, the victims were accused of being irresponsible and they were criminalized without the causes being investigated in detail. The most regrettable aspect is that the affair established a bad precedent: companies will henceforth be exempt from any responsibility for accidents and will blame the workers.

**Pemex’s responsibility**

As the workers who wrote to the President of the Republic said, the lack of training and deficient safety equipment identified by the report should have been cleared out from the moment the rig was inspected, before it entered into operation, because Perforadora Central charged PEP for these services.

For this report, we obtained the checklist used for the Usumacinta rig four months before the accident. The document reveals that on June 18, 2007, when Pemex inspectors (Cuauhtémoc Valdez González, Raúl Escareño, Fernando Arturo Pérez Sarabia, Esperanza Flores Cobos, Ricardo Gael León Hernández) inspected the Usumacinta, they did carry out basic safety tests because the rig did not have the necessary equipment. The checklist indicates that no tests were carried out on the detection systems for hydrogen.
sulphide, gas fuel, smoke and fire “because of the lack of a testing kit”. The tests should have been conducted in the areas of risk: engine room, drilling floor, sludge pits and retention area, offices, dining room, corridors and living quarters.

With regard to safety systems, the investigators only checked for the presence of lifeboats and safety equipment. They did not test them or whether the crew knew how to operate them. Nor did they examine the maintenance programme, although this should have been checked as well.

If the regulations had been followed, PEP inspectors would have identified whether the crew had received the training required to do their jobs and work on the rigs. They should also have carried out safety drills in order to assess how the workers reacted. They should have checked identification documents and other documentation and certification held by workers, but this was not done. According to the checklist used during the inspection, Perforadora Central did not present certificates for the basic industrial safety package or maintenance records for the safety equipment.

The deficiencies on the Usumacinta were not something new to PEP inspectors. The rig was known to be deficient during previous contractual periods. Between 2001 and 2007, the rig was leased without any tendering procedure. On August 20, 2001, the rig was leased for the period from January 1, 2002 to June 2004, for 33 million dollars (contract 411001830). The contract was by direct award, which means that no checks were made on the rig’s technical capacity.

On December 21, 2004, PEP director, Carlos Arnoldo Morales Gil, leased the rig again by direct award for the period from December 22, 2004 to June 19, 2005 for five million dollars (contract 411004817).
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The checklist dating from December 20/21 states that the heliport needed improvements in order to comply with minimum safety standards. The lighting was deficient and the signing incorrect. There was no documentation available on emergency procedures and programmes, the infrastructure and safety equipment required maintenance. The jib cables of the crane needed changing.

In violation of the contract and international standards, the rig did not comply with minimum safety standards and its fire prevention stations were not certified by the Classification Society ABS or “any classification society belonging to IACS or the US Coast Guard”. On this point, the checklist states that, for example, the rig did not even have fire extinguishers and inspectors gave the company until January 5, 2005 to meet this requirement. With regard to oil and sewage water drainage systems, the inspectors said: “the system is in poor condition and needs improvements; repair it.”

On this occasion, inspectors did not verify the documentation of the 60 crew members on the rig or check whether they had uniforms and special work equipment, neither did they check whether workers knew how to use life-saving equipment or if they were trained to deal with emergencies. There were no lifeboats, lifejackets, safety equipment or first aid kits. The crane’s cables needed changing. Faults were also identified in the drilling equipment.

On 9 May 2005, one month before the end of the contract, Pemex awarded another one for the period from August 15, 2005 to August 14, 2007 worth 31 million dollars (contract 411005807). The checklist was dated September 2-3, 2005. This document recorded the same deficiencies as the previous contract, which implied that no action was taken to deal with the problems and that the situation had in fact deteriorated.

The checklist shows that emergency routes had not been marked
out in the heliport and there was no signing of normal access routes. No plan of the heliport was available, as required by aviation standards.

The contract states that the rig must have two types of marine crane. Perforadora Central had been invoicing Pemex for both cranes when it did not even have one crane in place. The contract awarded by PEP was worth 500,000 pesos per day and stipulated that all furniture should be new, but Perforadora Central did not comply with this provision.

The storage and discharge line area had no anti-corrosive maintenance. The chemical products storing area was used for other materials and tools. There was no water desalination plant. There was no separator for oily waters. The fire fighting unit had no anti-corrosion or mechanical maintenance. There were leaks from the valves. There were no additive measuring tanks. There were faults in the ecological burner.

Dilapidation was most evident in the living quarters. According to the contract, there must have been three offices for PEP personnel, but this provision was not observed. In contravention of the contract, neither the software nor hardware for which the company invoiced PEP was present.

The contract (411005807) was worth 31 million dollars and was initially coming into force on August 14, 2007. However, in June 2007, PEP changed the contract period to run from June 20, 2007 to 18 June 18, 2010. The accident occurred in October, only three months after the rig had been leased for the third consecutive time.

Contracts and corruption
The checklists obtained for this report show that Pemex inspectors had identified deficiencies on the other rigs leased to Pemex by Perforadora Central (Tonalá and Grijalva) from the moment they were first leased in 2004, although not a single contract was rescinded and all were by direct award.

The problems with the Perforadora Central rigs were also documented by the SFP, the government agency that supervises its compliance with the Law of Acquisitions, Leasing and Services for the Public Sector and the federal law of Civil Servers Responsibilities, the Ley Federal de Responsabilidades de los Servidores Públicos, which regulates federal government contracts.

Since 2004, the SFP controllers responsible for PEP have found that Perforadora Central has not complied with either safety or environmental protection standards, which makes the decision to contract its rigs without a bidding procedure even more questionable. In an audit carried out in 2004, the SFP concluded that the safety equipment used “by 100 per cent” of Perforadora Central workers “is not of good quality nor safe”.

The audit states that the main reason for this situation was “weak supervision by whoever in PEP is responsible for ensuring contractor compliance with standards, regulations and contractual arrangements”. A second reason was: “the supplier’s lack of commitment to their workers”. The SFP noted that: “non-compliance with industrial safety and environmental protection standards and procedures by the suppliers has had a negative effect, given that the risk factor and number of accidents is greater for the company’s workers”.

The SFP identified Jorge Andrés Pérez Fernández, a PEP manager as one of those responsible for ensuring that the company eliminates bad practices under the threat of the recession of contracts.
In a document identified by the code SPC/0429/2004, Perforación assistant manager for contracts, Jorge Fernández Villaseñor wrote to Perforadora Central representatives, “urging” them “to comply with the provisions of the leasing contracts”. He explained that in compliance with the observations of the OIC in PEP, which identified problems on the Grijalva rig, including that “the equipment is not good of quality nor safe, we respectfully urge your representatives to comply with the agreed standards, regulations and conditions in the contracts, that is, that safety equipment available to your personnel must be sufficient and of good quality”. However, none of the contracts were rescinded.

The deficiencies were not limited to the Usumacinta, as shown by the inspection reports of the Tonalá and Grijalva rigs.

The Tonalá rig was leased on December 31, 2003 for the period from March 12, 2004 to November 30, 2007 for 78 million dollars (contract 411004800). It was inspected on 11 March 2004. The report states that none of the signing required by regulations was present.

There was no oxygen tank in the medical area. There were no service lifts in the operation’s zone. The safety pumps had no starting mechanisms. The pumping unit had no mixing system. The drilling equipment was incomplete. The system that supplies volumes of fuel was not installed. Like the Usumacinta, the Tonalá did not have the safety equipment needed to detect concentrations of hydrogen sulphide.

The day before the contract was due, another contract was awarded directly, to extend the leasing arrangements for the period from December 1, 2007 to November 29, 2010 (contract 421006843). The fee was for 205 million dollars. The rig was inspected on November 30, 2007. Inspectors found there was no anti-corrosion
maintenance. The heliport had no safety instructions for passengers at the access routes, lacked maintenance and safety lights were deficient. The gas system tanks were corroded. The mattresses in the living quarters were in poor condition and drinking water was yellowish in colour.

Similar problems were found on the Grijalva rig, which was leased on June 3, 2005, without public bidding, for seven million dollars, for the period from June 6, to 31 December 31, of that year (contract 411005808). It was inspected on June 5. The living quarters did not have the furniture included in the inventory. The medical instruments were in poor condition. The radio communications and computing equipment was incomplete. Regarding the safety equipment, the inflatable rafts were not in good condition. The drilling equipment was incomplete. The hydrogen sulphide detectors did not work.

Two days before the end of the contract period, PEP directly awarded contract 411005832, also without a public tender, for the period from January 1, 2006 to 31 December 31, 2007. The inspection document was dated December 29, 2005. Fire fighting equipment was not installed in the heliport and there were no tools to be used in case of accidents. There was no water/foam fire fighting equipment. The hydrogen sulphide detection system was deficient.

Other maritime equipment leased to PEP by Perforadora Central in the six-year period had laxed safety standards. For example, on the EP 01, leased for the period from 15 July 15, 2006 to September 26, 2008 (contract 411005826), the heliport had no fire fighting equipment, according to checks made on August 12 and 13.

There were problems of a legal nature with other equipment. The Grijalva was leased for the period from January 1, 2008 to December 31, 2010 (contract 421007801). An inspection found it had no
licences for the software it was using. The contract cost the company 1,300,000 pesos per day.

**Human rights reviled by Pemex**

Although the report prepared by the “independent commission” and paid for by Pemex exonerated the company from any responsibility, the National Commission for Human Rights (CNDH), an official body responsible for monitoring human rights in Mexico, assessed Pemex’s responsibility and issued a recommendation to both Pemex and the National Prosecutor’s Office. The Commission intervened after a complaint presented by a federal deputy from the Convergencia political party, Cuauhtémoc Velasco Oliva.

The CNDH issued Recommendation 14/2009 on February 24, 2009. In this Recommendation, the national ombudsman states that the human right to life, legality, legal security and physical integrity, guaranteed by the Mexican Constitution (as well as the Universal Declaration of Human Rights) were violated.

The Ombudsman ruled that conditions were not safe enough and did not guarantee the physical integrity or the worker’s life. The investigation revealed that Pemex staff allowed the rig to operate without observing the safety standards and regulations required for rigs. It was proved that there were deficiencies in the training and equipment provided to employees and that there had not been any lifeboats in the rig’s vicinity.

The CNDH determined that Pemex contravened its own regulations in this respect and requested the company not to award tenders to companies that did not comply with measures aimed at improving the safety of workers on marine oil installations and structures.

Scandalously, Pemex rejected the recommendation and insisted on
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blaming the deceased absolving the contractor, Perforadora Central.

Pemex’s response to the CNDH pronouncement confirms the opacity and insensitivity of the company’s officials. Legislators and the ombudsman himself were quick to respond and to accuse the company of omission, corruption, impunity and negligence. However, these criticisms remained just that – moral condemnation.

“By not dealing with the unsafe situation faced by workers, Pemex evades its responsibilities, protects the people responsible and tolerates corruption, impunity and negligence. More than anything else, it leaves intact the conditions conducive to the occurrence of more fatal accidents. Unfortunately, the National Prosecutors Office has failed to provide the CNDH with the results of its investigations, even though the National Congress requested it to do so, and ignored the duty of all government agencies to respect human rights” (Cuauhtémoc Velasco Oliva, federal deputy of the Convergencia Party).

“Pemex’s omission shows the real human rights’ situation in Mexico, which is exclusive, negligent, unfair, offensive and harmful and does not compensate, rectify or make demands. The CNDH has documented this case in its recommendation, but has also been accumulating more information and empirical evidence of the lack of maintenance, the lack of probity in the management of resources and other issues, all of which, amongst other aspects, means that the officials responsible for this situation have violated the Constitution” (Alejandro Chanona Burguete, coordinator of the Convergencia Party’s Parliamentary group).

“The Prosecutor’s Office obstructed the investigation of the Usumacinta’s accident. It denied access to documentation from the investigation into who was responsible for the death of 22 workers,
the damage to the Usumacinta rig and the injuries to survivors. The CNDH requested the Pemex director for proof of compensation payments made to the families of the dead workers and also recommended taking measures to guarantee adequate training for the workers employed by Pemex and its contractors.” (Raúl Plascencia Villanueva, Senior Investigator, CNDH).

“When an authority rejects the recommendations of the National Commission on Human Rights and refuses to investigate as requested, this does not contribute to eradicating impunity. On the contrary, it opens the door for others to abuse their power. This attitude obstructs and affects the full Law” (José Luis Soberanes Fernández, CNDH President).

While we were writing this report, survivors of the Usumacinta disaster told us that after its occurrence, Perforadora Central indemnised a small group of workers and sacked most of them without providing any psychological or financial support. Rafael, one of the survivors, explained that some workers, including himself, were given three months “psychological support” and 12,000 pesos compensation, but in exchange, Pemex officials and Perforadora Central representatives forced them to sign a document in which they promised that if they were to make any further claims, this would only be against Pemex and not the contractor.

Manuel, another survivor, had this to say:

“Beside transferring a few of us to other rigs belonging to the same company and the dismissal of many more, nothing has changed. Perforadora Central continues to not maintain the rigs, some of which are very dilapidated and rusted. The safety equipment has not been changed and the company still does not provide us with training and it has also reduced wages because of the losses suffered by the company”. 
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Although this worker is an expert swimmer and has worked on oil rigs for two decades, dealt with storms, spillages and become accustomed to seeing colleagues fall by the wayside, he told us that since that terrible day (almost a year ago), “nothing will ever be the same again”.

“Even the roar of the waves crashing against the feet of the rig or strong winds makes him feel upset and desperate to get back to land. It is the shipwreck syndrome”, said Juan Carlos Ramírez, a seafarer who survived the shipwreck of an oil tanker on the Vietnam coast.

Manuel, a Perforadora Central employee for eight years, lost three friends with whom he had worked side by side on other rigs owned by other companies. On 23 October, death touched him, he could smell it, he felt its breath, “an acidic, rancid stink”, he says. Crying, weeping, anguish, fear, desolation…, he recalls, “but the Virgin Del Carmen, our patron saint did not want me to get injured.”

The undemnised dismissed workers knocked on the company’s doors in vain, in both Ciudad Del Carmen and Mexico City’s, where the consortium is based. They did not even manage to cross the threshold. No authority gave them support. Perhaps the most serious aspect is that one year after the disaster; neither Perforadora Central nor the other contractors have improved their safety conditions. The consequences may not take long a time to come, as demonstrated by the accidents that preceded the Usumacinta disaster:

- On 5 November 2007, on the Sihil-A rig, Pemex worker, Gonzalo Roque López, lost his life. He had been working for the company for nearly 13 years and entered the company as a drilling specialist. The incident occurred when he was handling pipes for lining the ship Pacific 18 in the handling bay. The worker slipped under one of the sections of piping and died instantaneously.
- On 4 August 2008, there was a small fire in the living quarters of the Usumacinta rig.

- On 6 September 2008, it was reported that a motorboat belonging to Saam Remolques was transporting workers in an inappropriate and risky way. The harbourmaster confirms it is overloaded and outside the port.

- On 17 October, on the Abkatun-N1 Complex, an employee of Servicios Marítimos de Campeche, Darwin Jiménez, fell overboard and his body was never recovered.

- On 7 November 2008, there was an accident between two ships belonging to the company Saam Remolques, SA de CV. The incident occurred during manoeuvres to change the tug Saam Jarrocho with the tug Saam Chichimeca. As a consequence of this manoeuvre, there was a pull on the towing cable, which flew up hitting and injuring two seafarers on the deck of the Saam Chichimeca: Aldo Cisneros Ramírez and Artemio Arias Rodríguez.

- On 12 December, the tanker Chang Hang Xian, leased by Pemex to supply hydrocarbons to the Yucatán Peninsula, reported a small fire on the ship’s first deck.

- On 12 December, two employees of Servicios Marítimos de Campeche were asphyxiated by gas on board the Bucanero.

- On 5 February 2009, the semi-submersible rig Safe Lancia, owned by ProSafe and leased to Pemex by Cotemar S. A de C. V., began to heel over after a leak in the ballast tanks. There were 198 workers on board.

- On 20 March 2009, the UECH-TB rig, owned by Activo Integral Litoral, Tabasco and located in the Southeast Marine Region sprung a
leak, requiring the closure of the Uech-32 and Uech-34 wells, which formed part of this installation.
VI
Permanently bad weather in Cantarell

Another serious point is the situation of crews employed by the shipping companies that lease their ships to Pemex in the Campeche Basin for marine services, public works and services and for the transport of personnel and hydrocarbons.

The way in which workers’ rights are abused and the extent of precarious work on the ships operating in the Campeche Basin is intimately linked to the situation in the country’s merchant marine, since the gas and oil company Pemex is the main leaser of ships.

Contrary to the trend in some countries to strengthen their merchant marine, reserving cabotage for ships flying the national flag, Pemex managers have preferred to lease foreign ships flying flags of convenience. The Coordinación General de Puertos y Marina Mercante (Ports and Merchant Marine Department part of the Ministry of Communications and Transport) has allowed them to operate with “special navigation permits”.

The exception that soon became the rule, of issuing special permits to shipping companies instead of compelling them to fly the flag of the country from which they were operating, weakened the Mexican merchant marine and had an impact on the situation in the Campeche Basin.

In order to understand the magnitude of the problem, we will argue that recent governments have not taken advantage of Mexico’s favourable geographical location between the world’s two biggest oceans (Pacific and Atlantic), one of the world’s best national port systems, including 16 high sea ports and 10,000 km of coastline.
The dismantling of the Mexican merchant marine began when the Mexican government allowed Transportación Marítima Mexicana (TMM), which had been receiving government subsidies for 30 years, to hand over 67.73 per cent of its shares to Americana Ships, a subsidiary of CP Ships, and sell its oil cargo terminals in Coatzacoalcos, Manzanillo and Aguascalientes to the Dutch company Royal Vopak. By taking this step, “Vicente Fox gave the coup de grace to the merchant marine”, explains José Eusebio Salgado, specialist in marine law.

During the six-year term of President Vicente Fox, an increasing number of Mexican ships changed to flags of convenience in order to avoid taxes and observance of labour laws. This represented a loss of currency for the country and a considerable reduction in labour options available to workers in the sector.

At the start of Fox’s presidential term, the merchant marine had 109 ships with 1,100,000 gross tons. Six years later, it had 89 ships with a gross tonnage of 783,305 and only 0.1 per cent of the world’s merchant fleet. This contrasts with countries like Brazil, Chile and Venezuela, which developed their navies with nationalist policies and increased their profits by millions of dollars. For example, Venezuela earns 800 million dollars per year from the fleet transporting its own oil.

During this same period, the SCT began to dismantle some of the merchant marine’s prime assets, such as the Náuticas Mexico School Ship, managed by the Fideicomiso de Formación y Capacitación para Personal de la Marina Mercante (Trust for the Education and Training of Merchant Marine Personnel) and sold by the SCT as scrap at a knock down price.

Meanwhile, the Integral Port Administration, Administración Portuaria Integral (API), on the grounds they were not profitable, sold
its tugs to the Chilean company Saam Remolques and the Spanish company Grupo Boluda. These same tugs are now leased by both companies to Pemex and to the API itself.

The situation of the Mexican merchant Marine can be seen by examining the short list of shipowners registered at CAMEINTRAM, the Mexican Chamber of Maritime Transport (28 shipowners and ten operators, including PMI, the international marketing arm of Pemex).

There are currently eleven countries that provide flags of convenience to shipowners: Antigua and Barbuda, Bahamas, Cyprus, Philippines, Hong Kong, Marshall Islands, Liberia, Malta, Panama, Saint Vincent and Singapore. None of them place any legal requirements on shipowners who only have to pay the fee. This creates unfair competition with other merchant marines, as regularly denounced by workers in the maritime sector.

Mexican ship-owners use the flags of convenience of Liberia, Panama, Bahamas and Vanuatu. Shipowners estimate that it is 300 times more expensive to use the Mexican flag, which involves paying 1.8 per cent of the asset’s value, while the cost of using a flag of convenience is approximately US$ 60,000 per year.

Besides of avoiding taxes, employment and environmental obligations, there is no inspection of ships flying flags of convenience, to check if conditions and operations comply with the law. The shipowners argue that they use flags of convenience not because they are unpatriotic, but because of the lack of the fiscal incentives from the federal government, the burdensome level of taxation and especially because of the advantages that the Mexican federal government offers to foreigners.

This practice generates neither foreign currency nor employment,
because these shipowners have established an office staffed by one person to answer the telephone, while all the financial transfers are managed by banks in Switzerland or the Cayman Islands. These companies are known in Mexico as “empresas de saliva”, (Saliva companies)

Among the Mexican companies that operate this way are: Navegación del Pacífico, Cotemar, Arrendadora Ocean Mexicana, Naviera Mexicana del Sureste, Oceanografía (partner of Otto Candies LLC in Mexico) and Náutica Saltamar (which represents Tidewater Inc. in Mexico, the world’s biggest offshore operator of supply ships); Stolt-Nielsen Transportation Group Ltd., Empresa Marítima del Sureste, S.A. de C.V.; Saam Remolques, S.A. and Boluda Internacional, S.A.

In addition to their foreign partners, the shipowners subcontract ships from the following companies to carry out work for Pemex: Great Eastern Shipping Co. Ltd., Tankschiffahrts GmbH & Co., Golden Seabird Maritime, Inc., and Ocean Marine Maritime Ltd. This practice is prohibited by the Constitution and by the Renta Adquisicion y Servicios Law from the Public Service.

In recent years, organisations in the merchant marine sector that are members of the Asociación Sindical de Máquinas de Marina Mercante Nacional, the Colegio de Marinos de Veracruz, the Frente Unido de Marinos Mercantes and the Orden de Capitanes y Pilotos Navales have highlighted the urgent need for Mexico to increase its fleet in order to preserve its employment sources, reactivate the sector and increase revenue from foreign currency.

Mexico is signatory of more than 13 international trade agreements and continues to transport most of its goods by sea. Data published by the Coordinación de Puertos y Marina Mercante shows that 58 per cent of Mexico’s foreign trade is transported by sea, 29.4 per
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cent by road and 12.5 per cent by rail.

Mexico transports by sea, 75 per cent of its exports to Central America, 99 per cent of exports to South America, 99 per cent of exports to Europe, 99 per cent of exports to Asia, 99 per cent of exports to Oceania and a 100 per cent to Africa.

Pemex Merchant Marine that came to be one of the main in Latin America is practically dismantled. The last vessels lay anchored at the port of Salina Cruz and only one or two that have already overcome their useful life are still sailing. Almost all the cabotage service to Pemex differently from countries like Japan, Korea, China, Brazil or The United States of America Pemex depend of foreign shipping companies, beside of it’s absolute dependency for it’s the foreign commerce. The amount annually lost for this concept is unknown, but the sector’s union organisations estimate it as 12 thousand million U.S. Dlls.

Fifty per cent of exports go through the United States ports such as New Orleans, Houston, Galveston, Freeport, Corpus Christi and Brownsville.

According to data published by the Coordinación de Puertos y Marina Mercante, Pemex accounts for 61.9 per cent of all Mexican cargo, with cabotage required by its subsidiaries Pemex Exploración y Producción (in the Bay of Campeche); Pemex Refinación (in the Pacific, between the ports of Salina Cruz, Lázaro Cárdenas, Mazatlán, Topolobampo, Rosarito, and in the Gulf, in Tampico, Tuxpan, Veracruz and Progreso), and Comercio Internacional PMI Trade Limited, which deals with the highest volumes, in the form of exports of crude oil to the United States and the import of petrol from the United States.

Pemex Refinación uses the services of the following companies:
Arrendadora Ocean Mexicana, Naviera Mexicana Del Sureste and Naviera Del Pacifico (Grupo TMM). PEP uses Oceanografía (partner of Otto Candies LLC in Mexico), Náutica Saltamar (representing Tidewater Inc. in Mexico), Consultoría y Servicios Petroleros, Naviera Integral, Naviera Tamaulipas, Seamar Mexico, Eddison Chuest Mexico S. de R.L. de C.V., and Cotemar.

Most of the Mexican companies that provide services to Pemex are not owners of the ships but intermediaries that lease ships from other companies abroad.

As with the rigs, shipowners comply with oil industry safety regulations in the rest of the world but take a more relaxed attitude in the Campeche Basin.

One such case is Tidewater, which operates 30 ships in the Campeche Basin for Pemex, including tugs and suppliers. Tidewater provides supply ships and marine support services to the offshore energy industry. It also provides services for some stages of oil exploration, development and production operations, including towing and the operation of drilling rigs and other mobile equipment, as well as the transport of supplies and personnel.

Tidewater operates mainly in the Persian Gulf, the Caspian Sea, Australia, Brazil, Egypt, India, Indonesia, Malaysia, Trinidad, Venezuela and West Africa. However, working conditions in these countries are very different from those provided by the company in the Gulf of Mexico.

ITF inspectors in Mexico have visited Tidewater ships in the Campeche Basin. They have found that the crew does not have individual employment contracts and the ships are not in optimum condition. Crews have complained about the late payment of wages and poor health and safety conditions.
ITF inspectors in Mexico have identified the shipping companies with the worst employment practices and the ones that attract the most complaints from workers regarding alleged human rights violations: Tide Water, Protexa, Oceanografía, Cotemar and Diavaz.

They all lease their ships for personnel and equipment transport services, mainly rig and well maintenance; conditioning and recovery of fluids during drilling; termination and repair with the support of processing ships, diving and geophysics services. Cotemar transports food supplies to crews on oil rigs and other maritime facilities in the Campeche Basin.

It has been found that some shipowners use different identities to avoid their employment duties. They use subsidiaries, outsource work and a few years ago they started to use “cooperatives” to avoid taxes and gain exemption from employment obligations to their “partners”, that is, their workers. In these cooperatives, the workers are designated as “partners” of the company and, as such, they have no right to make demands on the company.

“The use of pseudo-cooperatives to work on board vessels according to what we have been told, is not only a fraud but also an attack against security, these workers, would be forced to sign two blank sheets one to join the cooperative and the other to resign to it. Since they cooperatives are false, they will be responsible for not being certified and in case of accidents or deaths they will be the culprits, since they are the owners of their own work. Additionally, companies avoid paying social benefits and will ‘legalise’ the fraud to the Social Security and to the Ministry of Finances.”

“This demonstrates the moral quality of the companies committing these frauds (knowing that such cooperatives do not exist but on paper), but besides it gives us a clear idea of the corruption existing in the Labour and Social Prevision Secretary, the IMSS and in
the INFONAVIT that do not question and much the less investigate or supervise, they only validate something that is evidently illegal.”, denounces Captain Ysmael García Muñoz, General Secretary of the Orden de Capitanes y Pilotos Navales de la Republica Mexicana, Similares y Conexos.

It has been found that shipowners do not comply with safety regulations or with the Mexican legislation as they should observe, when working on Mexican territory, such as the FLL, the Social Security Law, the Navigation and Maritime Trade Law and neither do they comply with international agreements on these matters.

In general, they practise social dumping.
VII
Oficial Dumping

The Mexican government’s neglect, disguised as “flexibilisation of employment” has led to a dangerous deterioration of working conditions in the gas and oil industry. Its failure to ensure minimum standards of health and safety has indirectly allowed companies to avoid their employment duties.

In order to reduce costs and increase their profits, contractors in all sectors of the economy in the Bay of Campeche use “social dumping” to the detriment of workers’ livelihoods. This is especially pronounced in the case of workers on ships and rigs because the way the sector operates means that workers are employed by subcontractors rather than the by main companies.

The proliferation of the use of flags of convenience in the region and the substandard conditions of ships, with everything that it involves, have reduced employment opportunities for workers and increased the number of non-resident offshore workers.

The Mexican authorities issue special permits that allow companies to operate in Mexico without paying heed either to legal obligations or the provisions of ILO and IMO International Conventions. Moreover, the Mexican authorities do not carry out the port inspections as Port State Control as required by the Viña del Mar Agreement.

Some other vessels flying flags like the USA flag which also operate in the Basin of Campeche, avoid contracting Mexican workers unless it shall be for conditions very inferior to theirs and always for lower ranks or for sub-alternate positions. In contrast, in The
United States is not allowed for foreign vessels to carry out coastal navigation (cabotage) (regulation called John’s Act), or to operate in its maritime oil zones flying other flag than the American one. It would then be pertinent to ask the Mexican authorities, why is the law being violated in Mexico, since it establishes the possibility to grant special navigation permits only when reciprocal and equivalent conditions exist?

Partial list of companies operating with “special permits” from the SCT and that are associated with foreign shipping companies:


- Demar Instaladora y Constructora: operates ships of North Bank Towing Corp. and Faraglioni Ltd.


- Edison Chouest Offshores México S. de RL. De CV: operates ships of Chouest Offshore Services LLC. and United Marine Holdings LLC.

- Naviflet SA de CV: operates ships of Foss Maritime Company and Seacape Shipping & Trading LLC.

- Parket Drilling de México S de RL de CV: operates ships of Parker Drilllling Offshores USA.
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- Tidewater: operates ships of Tidewater Marine LLC and Halliburton Energy Services Inc.

- Arrendadora Ocean Mexicana: operates ships of Farstad Shipping LTD and Boa Offshore.

- Cotemar: operates ships of Ocean Oil Construction & Services LTD. and Tidewater.

- Astilleros Bender: operates ships of Astilleros Bender Shipybuilding &Repair Co.

- Policyd SA de CV: operates ships of Breeze Gas Shipping and Transgas Shipping Line.

- Transportación Marítima Mexicana: operates ships of Seacor Marine Inc. and Everblancks Towage.

- Naviera Petrolera Integral: operates ships of Hornbeck Offshore Contractors Inc.


- Construcciones Integrales del Carmen: operates ships of Ocean Mexicana.

- Mammoet Salvage BV: operates ships of Donjon Marine Co.

- Parker Drilling de México, S de R.L de CV: operates ships of Balte Offshores LTD., Smith Marine Towing Corp.

- Naviera Armamex: operates ships of Strong Vessels Operators.
Ana Lilia Pérez

- Coastal Trading de México: operates ships of Fugro-Geoteam As and Hornbeck Offshores Internacional.

- Grupo Naviero Kano, SA: operates ships of Western Geco.

- Perforadora Industrial de Oriente: operates ships of Coremar SA.

- Coastal Trading de México: operates ships of Hornbeck Offshore Internacional.

- Mantenimiento Express Marítimo: operates ships of Seacor Maribe.


- Goimar: operates ships of Pacific Richfield Marine, Perforadora Industrial de Oriente.

- Global Marine Systems: operates ships of DYVI Cable Ship.

- Nabors: operates ships of Sea Mar Division of Pool Well Services.

- Marítima de Ecología: operates ships of Secunda Marine Services.

- Naviera Armamex: operates ships of Strong Vessels Operators.

- Bergesen Worldwide Limited: operates ships of Aker Marine Contractors.

- Aker Marine Contractors: operates ships of Dolphin Marine
ternational, Fairmount Marine.

- Halliburton: operates ships of Coastal Trading.

In October 2007, members of the Mexican National Congress (Chamber of Deputies and the Senate) were accompanied by ITF representatives in Mexico on a visit to the Bay of Campeche. The record of the visit to the Caballo Lipizano illustrates the situation on these ships:

Built ten years ago, the Caballo Lipizano is among the newest ships that Oceanografía leases to Pemex, although the ship is clearly dilapidated: it had no safety nets or life jackets and the fire prevention equipment was out of order.

Under the inclement sun of Carmen Island, a port in the Campeche Basin, the Lipizano crew, about 20 men wearing orange raincoat overalls looked puzzled at the visitors. None of them was wearing a helmet, gloves, boots or goggles that are all the equipment required by Pemex safety regulations, which are a dead letter in the areas where the contractors operate.

Behind the shipowner’s thriving image deplorable scene of exploitation was hiding, abuse and corruption. The tug’s crew seemed to be unsure of them. Enrique Lozano, ITF inspector, explained to the members of congress that many crew members had complained about irregularities committed by the shipowner but felt they had to keep quiet under the eye of their managers.

“Everything is in order here, deputies”, said Hermilo Escobedo Obrador, the Oceanografía manager.”
“We are from the National Congress and we want to inspect the working conditions here. We have repeatedly heard that you do not comply with the FLL and we want to find out what problems are there”, explained the federal deputy Peyrot, an expert on maritime safety and secretary of the Chamber of the Deputies’ Marine Commission.

The captain, who did not give his name, confirmed that the crew worked 28 days and then had 14 days off, that is, they were working double the period of time allowed by law.

“Can you show me your individual contract of employment and your IMSS membership card?”, asked the deputy.

“I don’t have it with me.”

“The collective agreement?”

“I don’t have it.”

“What is your position?” he asked another worker.

“First officer”.

“Are you first deck officer?”

“That’s right.”

“Do you have your IMSS membership card?”

“I have one but I’m not sure I brought it with me.”

“Your contract of employment?”
“I don’t have it.”

The deputy continued the inspection. The crew looked doubtful, while a group of bodyguards of the company directors cleared the ship’s corners.

Peyrot spoke to a young man, from Comalcalco, who said he had worked for Oceanografía as a seafarer for two years, but he had not yet received his IMSS membership card.

“Do you have a contract?” asked the deputy.

The worker nodded, and went to the cabin and came back a few minutes later when he presented what was no more than a blank sheet of paper, with the name Transportes Naveiros y Terrestres printed on it but without any kind of signature.

Fausto Arellano, specialist in maritime safety asked the ship’s captain to show him a copy of the collective agreement valid on board, as required by the law and international maritime standards. There was none. The captain justified this saying that he signed it but that the company had not given him a copy. No crew member had an individual contract of employment. There was no list of crew members.

“Captain, you should have this contract on board, that is the law”, said Peyrot.

“And how is the gang?” asked Fausto Arellano.

“We are all the same” whispered a voice.
“Captain, show us your social security card”, asked Peyrot. The captain looked doubtful and looked at the Oceanografía manager as if asking what to say.

“Do you or do you not have your contract and social security card?” shouted Deputy Cuauhtémoc Velasco.

“No.”

“And you?”

“And you? Can you show me your pay slip?”

Another worker handed the deputy a boarding pass. “They told me this is my contract”, he said.

“Do you know what your duties are?”

“Yes.”

“Do you have them in writing?”

“No.”

“But you signed a contract.”

“Yes, this is what I signed at the office”, said another seafarer and he showed a sheet of paper which only carried the name of TNT and the monthly wage.

“But how do you know what your job is?” asked Peyrot and told him: “You are earning a wage for duties that you signed up to do, but you don’t know what they are, don’t you have them written down?”
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“No.”

“Captain, do you have a copy of the regulations?”

“No, we don’t have any.”

Inspector Fausto Arellano explained to them that the FLL and the Maritime Law applied on board the ship and that he “must have a contract which would allow us to see the terms of the contract and whether individual guarantees were being violated.”

“Everything is illegal here”, added Honorio Galván, ITF inspector in Mexico.

Deputy Peyrot had then a long talk with the Oceanografía manager:

“Precisely, sir. We have heard a lot of criticism, a lot of complaints by workers, who are not protected when there is an accident. They don’t know who to complain to. Most of the crew says they do not have a contract.”

“All our employees are registered before the social security, but we automatically take anyone injured in accidents to private clinics in the city,” replied Hermilo Escobedo.

The ITF inspector challenged him: “Oceanografía has operated illegally for years. For four years, organisations representing maritime workers have asked the company to comply with the law and respect their workers but we have always found it totally unwilling to establish a mechanism that would give their crews a collective agreement. Why is the company so afraid of any approach to negotiate a col-
lective agreement that would protect the individual rights of these workers?”

“If we were afraid, I wouldn’t be here talking to you!” Said Escobedo, exasperated. “All our workers have a contract!”

“Well, I asked them and nobody has one, not even the captain. He said he signed one but was not given a copy. The law says that he must have a copy on board”, said deputy Peyrot.

“We can sort that out at any time, but the workers do not ask us”, agreed the company manager, in a low voice.

“Well, I would appreciate it if, as from now, you were to give instructions for workers on board and on land to have a copy of their contract and their IMSS membership card. So we can resolve these small points. The contracts must be taken to the Board, stamped and taken on board, as required by law.”

Overcoming their fear of losing their jobs or being blacklisted by the shipowners, the crew gradually began to speak. One seafarer came up to Deputy Cuauhtémoc Velasco and showed him a document corresponding to his last wage.

“When did they pay you?” asked the deputy.

The seafarer replied that he asked for his wages to be paid two days before.

“I told you we paid him”, said Escobedo.
However the receipt, issued by TNT was dated July 14.

“That confirms what the workers have told us about being paid a long time in arrears. Look, it is four months ago,” complained the deputy.

The inspection continued. Nobody was using the minimum safety equipment, including the captain. The crew was not wearing helmets or gloves and was wearing old shoes instead of safety boots.

“You should set an example, captain! Where are your boots?” said Marco Antonio Peyrot disapprovingly. The captain timidly argued that wearing boots made him slip. A desperate argument because, the boots required by safety regulations to be used on ships or oil facilities must have anti-slip soles.

The deep wrinkles that lined his long, round face showed that Jorge had seen many years of service. An emigrant who had dedicated more than half of his 60 years to the dream of black oil, but who never received more than a minimum wage, his food, a shared bed and an unhygienic shack in the La Manigua neighbourhood (one of the poorest suburbs on Carmen Island) in exchange for the days spent on shore.

The old man wore a threadbare overall over his stout body, with a broken zipper and frayed sleeves, from which you could see his brown arms and calloused hands, covered with deep scars gained during his time working with no gloves on the rigs.

“Is this your uniform?” Peyrot asked the ungainly seafarer
whose posture reflected many years of forced labour.

“My best one”, he said with a timid laugh, abruptly terminated when the furious captain told him off.

“Tell him Jorge, tell him that you do have a uniform that the company has given off, but that you are too lazy to go and get it.”

The old man looked at him surprised.

“Do you have a helmet?” insisted the deputy. The old man lowered his head.

“Why don’t you wear it? What if a valve fell on your head? You would be dead.”

The Oceanografía manager gave assurances that the ship-owner provided workers with overalls, boots and helmets, “but you can see what these people are like, they even sell their boots”, he said disdainfully.

“Don’t tell me that the workers prefer to wear these rags rather than uniforms”, commented the deputy Cuauhtémoc Velasco. The FLL says that workers not complying with safety regulations cannot be allowed to work; it is the employer’s fault if the workers do not comply with them.

“You can see what they are like”, repeated the shipowner’s manager.

“I think your crew needs safety equipment, overalls, that’s what the law says, and Pemex has strict safety rules”, explained Peyrot.
“Come here Jorge!” the captain told the old man. “Isn’t it true that you can take your boarding pass to the company office and get a new overall?” But the old man kept his head low and said nothing. The captain grabbed him by the shoulder to press him:

“And isn’t it true that you don’t go because you can’t be bothered? It’s true that they give out uniforms!”

“Tell the deputy that they don’t give you boots because you go off and sell them”, added the manager, Escobedo. But the old man kept his head low and his eyes averted, under the peak of a baseball cap.

By the time the inspectors and deputies had disembarked, all the workers had stopped talking. Their faces were impassive. They were quietly suspicious that they would be blacklisted secretly by shipowners and that nobody would recruit anyone who dared to ask for their rights to be respected.

Article 194 of the FLL says that seafarers should be given individual employment contracts and that the company must leave copies with the Harbourmaster’s Office and the Federal Arbitration Board.

When interviewed, the harbourmaster, Víctor Manuel García Enríquez, confirmed that none of the shipping companies operating in the Bay of Campeche comply with the requirement to provide copies of collective agreements.

Sebastián Calderón Centeno, seafarer and senator, explained that outsourcing is becoming increasingly common in the Campeche Basin. The companies resort to this form of operating in order to avoid taxes and responsibility for their employment obligations and for this; they are protected by the STPS’ if failing to do anything about it.
“The shipping companies no longer recruit workers directly. Other companies do that and then supply their labour to these other companies telling you that you are not their employee; you are the employee of another company that they themselves set up and that sometimes then disappears. And then the other company tells the workers that they are members of a cooperative. Completely anomalous situations and, at the end of the day, workers don’t know who they work for.”

In addition, some shipping companies use the pro-government oil workers’ union, the Sindicato de Trabajadores Petroleros de la República Mexicana y Transportes Navieros y Terrestres (STPRM), as a yellow or “protection” union.

About it, some workers from several companies explain that when they want to organize as a union, their company lie to them saying that their zone sector belongs to the STPRM., but when they present their complaints against any company, they get “clogged”. It has also been registered that on the discount slips from some contractor workers’, supposed payments from the company to the STPRM appear.

Although the shipping companies get paid for their services to Pemex punctually, (leasing arrangements worth between one and one and a half million pesos per day), they delay paying their workers for up to eight weeks. Since November 2008, there have been sit-down strikes and mutinies in the Basin because of the delayed payment of wages. In March 2009, demonstrations went up a gear. Workers stopped two ships (Rita Candies and Bold Endurance) from operating in protest for the delayed payment of wages. Workers said they had survived for months on loans from the moneylenders that operate in the area.

Invariably, every year, in November and December, the shipping companies carry out mass dismissals in order to avoid having to pay statutory Christmas and holiday bonuses, or other benefits.
Like workers on the rigs, workers on the ships are exposed to very unsafe conditions and this has already had terrible consequences. The biggest disaster was the sinking of the Seba’an, owned by Oceanografía, which was leased to Pemex for the transport of personnel although it was practically scrap and should have been taken out of service years ago.

Pemex already knew the Seba’an was in poor condition because, in more than one occasion, workers had complained that the sound of the engines was not normal and even the Marine Control management, headed by Javier Vizcarra, had received reports that the vessel had already run aground several times.

On what would be its last voyage, it was transporting personnel to and from rigs at a change of shift. There were eight crews (Oceanografía employees) and passengers (146 Cotemar employees, 20 Mantenimiento Marítimo de Mexico (MMM) employees and two SMT employees). The problems began only five minutes after the trip began when the Seba’an suffered a general black out. The engines started again and she continued her journey.

The history of this ship shows how the corruption that prevails in Pemex affects workers. The Seba’an was leased to Pemex from January 1, 2002 to September 31, 2003 for the transport of personnel in the Campeche Basin. Pemex paid 160,000 pesos per day for this ship, which was already in poor conditions and almost ready for the scrap heap. The ship had often had problems and the owners took her to a shipyard in New Orleans, without notifying Pemex.
When Pemex tried to rescind the contract, Oceanografía tried to defend its interests.

On February 3, 2005, the shipowner made a complaint against Pemex for damages arguing that it supplied contaminated diesel. In April 2007, the civil court ruled in favour of Oceanografía and ordered Pemex to pay 31 million pesos for “impact damages” to the Seba’an.

The Seba’an remained anchored at the Laguna Azul quay, near the Oceanografía offices, for 15 months, because the engine, which had already been affected by small fires, did not work and new problems were encountered every time the company tried to make it work. The ship was already 35 years old and should therefore have been taken out of service: navigation safety standards and regulations allowed a maximum of 22 years.

The engineers on board the Seba’an sent several reports to Enrique Pacheco Georges, general secretary of the Asociación Sindical de Oficiales de Máquinas de la Marina Mercante Nacional (ASOM-MMN), indicating that the Seba’an was not seaworthy but Pemex managers leased her again.

Eight hours before the ship sank, the 146 employees of Apoyo Logístico Marino S.A. de C.V. (a Cotemar subsidiary) gathered at the company owned same named hotel in Ciudad Del Carmen, where it hosted its offshore workers.

Between 1 p.m. and 4 p.m., they met at the Pemex quay so that Pemex staff could inspect the equipment being taken to the rigs. They boarded the ship about 5 p.m. Most of the passengers were annoyed to find they would once again be travelling in the same ship that six months previously had left them adrift on the high seas for two hours, when the engine broke down and Oceanografía had
to send a launch to tow it in.

Oceanografía never gave the obligatory safety instructions on voyages: it did not identify emergency exits or the location of lifeboats, fire extinguishers or alarms. However, what the passengers found most worrying was the irregular noise of the engines. One hour later, the ship came to a halt for the second time. The engines stopped and the crew left their cabins but no explanation was given to passengers.

Most of the passengers were sleeping or trying to sleep, trying to avoid the incessant dripping of rainwater from the broken ceiling that affected the passengers and flooded the ship’s corridors.

At 7 p.m., the ship was shaken by a strong tremor and there was a total blackout. The ship was stranded 190 miles north of the port. There was no emergency lighting. One of the passengers found his way to the toilets. As he walked towards the hatch, he saw flames coming out from the engine room. No alarms went on in the engine room or anywhere on the ship or the Oceanografía personnel fired an alarm.

No company representative took control or organised a rescue operation and the lifejackets were tied up with fasteners. When the fire moved towards the passengers’ area, two passengers suggested evacuating the ship but the Oceanografía crew tried to stop them from doing so.

Some passengers came out from the stern. They realised that the Oceanografía crew did not know where the fire extinguishers were. Most of the crew members said this was their first voyage and that the company had given no instructions. When the crew found the fire extinguishers, they were not working because the seals had been violated. When they tried to activate the hoses, they found
there was no running water.

When visibility was reduced to zero and some of the engines at the engine room blew up in thunderous explosions, the crew jumped overboard. The fire spread in 20 minutes. Even then, no alarm went on. By about 10 p.m. all the passengers were in the water, in the darkness of the night, one of the crew members felt a dead body – it was one of his colleagues, Gualberto Márquez Jiménez, a welder recruited by Cotemar.

The Fernanda, another Oceanografía vessel, arrived to tow the ship. However, strangely, the Seba’an sank about 5 km before it arrived into port, according to testimony from Pemex workers at the control tower.

Two hours after the incident, rescue arrived in the form of the Bornie-McCall. When rescuers went on board, there was time for confessions: the crew of the rescue ships told them that the captain of the Seba’an gave the alarm and asked for help on the wrong frequency, so they thought it was a hoax, until they heard the flares.

When the survivors arrived at the Puerto Industrial Laguna Azul quay, at 11 p.m., they found the Mexican army members waiting for them, so were personnel from the API, the Public Prosecutors Office, the Red Cross and Municipal Civil Protection, the Physical Safety, Special Safety, Industrial Safety, Environmental Protection and from Pemex Logistics.

Two days after the accident, on 13 October, some of the survivors met an Oceanografía crew member. Referring to what had happened; the worker told them that the company of the Yáñez had offered him money to keep quiet about the Seba’an’s incident.

In November, employees from Apoyo Logístico Marino SA de CV,
a Cotemar subsidiary, presented a criminal complaint against Oceanografía for the attempted homicide of 135 people and for violations of safety regulations on board the Seba’an that caused the fire on board on October 11, in which Gualberto Márquez died.

Gualberto Márquez was 26 and had the best work record as a welder. In Paraíso, Tabasco, his place of birth, he left five dependants: his mother, wife, daughter, sister and niece, he had taken the latter two under his wing after his brother’s- in-law , another of the company’s employee, died on the rigs.

In their complaint, they accused Oceanografía and Pemex of complicity in putting the lives of passengers and the crew at risk.

The complaint accused Oceanografía of being responsible for the accident on the following basis:

1- On boarding, no instructions were given as to the location of lifejackets, emergency exits, lifeboats, fire extinguishers or fire alarms.

2- At the beginning of the accident, the crew did not fire the alarm.

3- The ship had five fire extinguishers that were inoperable because of a lack of pressure.

4- There was no running water available for the fire hoses.

5- The instructions on the lifeboats were in Japanese, not in Spanish.

6- The crew did not coordinate evacuation of the passengers or ship abandon actions.
7- The lifejackets with clip-on harnesses were stowed with mooring lines, which made them difficult to open and use.

8- The life rafts did not open.

9- A generator at the bow exploded.

10- The Oceanografía crew tried to stop them from evacuating the ship and using the life rafts.

11- The ship’s captain tried to organise the abandon ship action at no time

12- The Oceanografía crew was not fully aware of the location of safety equipment.

A short time later, Cotemar threaten to dismiss employees who went ahead with the complaint. None of them maintained the complaint fearing to loose their job.
IX
Without a good Port

The shipping companies that work with Pemex in the Gulf of Mexico do not comply with international agreements on maritime safety, partly because the Mexican government also ignores these agreements. Minimum standards on seafarers’ welfare are set out by the International Labour Organisation’s Convention 163 (ratified by Mexico) and Recommendation 173, which are a dead letter in the Campeche Basin.

According to the ILO, migrant workers make 90 per cent of world trade possible but are victims of exploitation at work and negligence by governments that fail to ensure that the ships that carry their flag comply with local labour laws and international agreements.

In order to tackle the poor working conditions of seafarers, on October 8, 1987, the ILO, tripartite agency of the United Nations, based in Geneva, Switzerland, adopted the International Convention 163 and its Supplementary Recommendation 173 on Seafarers’ Welfare, which, in general terms, commits states party to providing all seafarers, independently of their nationality, race, colour, gender, religion and political affiliation, and independently of the company or country in which the ship on which employees are working is registered, with resources and services that are appropriate while staying in all ports.

This involves establishing common working conditions for all seafarers, supervised by the state, so that seafarers entering the territorial waters of any country can be sure they will be protected from the violation of their labour rights. The Convention says that member countries must have hotels or hostels; transport; medical,
education, consular and legal advice services; telephone and internet communications systems; and even recreational centres for seafarers. All these services must be provided by Seaman’s Centres established in the neighbourhood of ports.

The Convention states that the centres should receive a percentage of the fees that port administrations charge the vessels for using their port. Recommendation 173 says that member countries must have a welfare board in ports or at a regional and national level, as appropriate and this board should be made responsible for channeling these resources to the Seaman’s Centres.

As a contribution to ensuring compliance with these international agreements, the International Committee for Seafarers Welfare (ICSW) created the Seafarers Trust. This is administered by the ITF and receives contributions from 4.5 million members in the maritime, port, inland waterways, rail, land freight, passenger, civil aviation and fishing sectors.

Convention 163 was adopted by Mexico after being approved by the Senate on July 12, 1990 and published in the Official Gazette on 25 January 1991. After signing, Mexico was described by international agencies as a regional leader in the protection of seafarers. The reality is that the Mexican government has never allocated the resources or provided the infrastructure established by the Convention.

Welfare – a pipedream for seafarers

The story of Carlos shows why it is important for the Mexican government to comply with Convention 163.

For 14 years, Carlos Gutiérrez Gallardo has sailed across four oceans and a dozen seas on board cargo ships, bulk carriers and
oil tankers, working as a helmsman. He has worked 5,110 days – a third of his life – and the few leave periods that he enjoys occur when the ships arrive to ports for unloading, legal procedures, refuelling or repairing. Like the rest of the crew, Carlos uses the time to go to the local Seaman’s Centre to contact with his family in Veracruz, have a medical check-up, play sports or simply to get some rest.

Seafarers consider their staying at the centres not only as a recreational activity, but also as a physical and psychological rest from the stress and boredom caused by the monotony of life at sea, with no verbal contact other than with the rest of the crew, the numbers of which have tended to fall to an average of ten. They have seen their colleagues suffer deep depressions that have led more than a few of them to commit suicide because they were unable to endure the long and exhausting working days and especially their isolation.

According to data published by the World Health Organisation (WHO), 65 percent of seafarers suffer mental health problems caused by their working conditions. Stress is the most common problem and the WHO recommends mitigating the effects of stress with used entertaining activities.

The Seaman’s Centres most often visited by this Mexican seafarer are in Miami, New York, Liverpool, Amsterdam, Shanghai, the Bermudas, Dubai, Kuwait, Basra, Ad-Dammam and Al Jubayl. When Carlos returned to work in his country – on an oil tanker in Ciudad Del Carmen, Campeche – he found out that such a service did not exist. In the Campeche Basin’s main port, there is no Seaman’s Centre.

Carlos explained the importance of the Seaman’s Centres for seafarers: “Life at sea is not easy. The hardest part about it is the long
periods at sea. So the first thing we do when we arrive in a port is to go to the Seaman’s centre to phone our family. It has a local transport service and advises us on how to get round the town. It is so important because when you arrive in the country you don’t know the language or the town, being a target for assaults or abuse from the local authorities.”

“Thousands of foreigners arriving in the Campeche Basin go to Ciudad Del Carmen with their monthly wages and they often get robbed because they don’t speak Spanish or know the city. The floating population arrives in a very dangerous area and there is no one to provide guidance for seafarers.”

Workers in the Campeche Basin think that the Mexican government should provide services for the maritime sector. They say that one of the priorities is to provide adequate housing. Although this seems such a simple thing, they rely on it helping them to return to work in a relaxed state of mind. Seafarers say they deserve access to welfare services when staying in Mexico and that it is a right they have earned, because the sector is so profitable.

“Seafarers make a lot of money for the companies, but we also generate currency and strengthen the economy of the countries yet we don’t get any benefits”, said the helmsman.

Lack of will

In 2004, Mexico’s Merchant Marine General Director, José Tomás Lozano y Pardinas, was sworn in as president of the Seafarers Welfare Committee for the North American and Central American Region. He was responsible for developing the Seaman’s Centres. However, the SCT practically dismantled the Seafarers Centres during this period.
In the four years that Lozano chaired the committee, the results were zero. In contrast, during the same period, Brazil, which signed Convention 163 at the same time as Mexico, opened four Seaman’s Centres. Venezuela, which did not sign the Convention because it felt the standards were too low, independently took steps to considerably improve conditions for Venezuelan and foreign seafarers. Colombia opened three Seafarers Centres in 2008, as many as Mexico opened in 70 years.

In June 2008, ICSW and ITF representatives met in Veracruz, Mexico to evaluate the country’s progress on seafarers’ welfare because in addition to signing Convention 163, Mexico officials were designated by international agencies to promote seafarers’ welfare programmes throughout the continent. The ICSW and the ITF found that, far from taking the lead to protect seafarers, Mexico was one of the countries with the worst conditions.

Peter Bautista Payoyo, a lawyer and ICSW Chair, said that his visits to Mexican ports proved “the Mexican government’s negligence and irresponsibility.” He explained that when Mexico ratified the agreement, the country “projected the image of a leader in maritime affairs”. However, all was only on paper. “There is no point in signing a Convention if you do not take any direct actions and there is no point for Mexico, to be a signatory if it does nothing for seafarers.”

“It is regrettable to have to say so, but Mexican officials always sign the agreements but never comply with them. They are very hesitant and unfortunately we have set a bad example. The first thing that seafarers do when they arrive at any of the 16 ports is to ask where the Seaman’s Centre is, but there aren’t any”, explains Enrique Lozano, ITF inspector in Mexico.

The meeting concluded that by taking no notice of maritime agree-
ments, the Mexican government is outside the international agenda.

Ysmael García, who for years was ICSW coordinator in Mexico, Latin America and the Caribbean, makes the following assessment:

“Although Mexican law categorises international conventions as supreme laws, the government just maintain pretence when it comes to seafarers. Government’s officials go to Geneva, raise their hands, say yes to everything and then do nothing when they get home. They do not understand how serious it is to sign in something, they are only there to make speeches and enjoy the glamour”. García has celebrated agreements with the authorities of less-developed countries, including El Salvador, Honduras and Costa Rica, on the issue of opening Seafarers Centres but his meetings with SCT officials in Mexico have been unsuccessful.

As ITF Regional Secretary for the Inter-American region, Antonio Rodríguez Fritz, has been fighting on Mexico complies with international agreements but he has always collided with bureaucratic obstacles. In an effort to improve working conditions in the maritime and offshore industry, others have been doing the work that should have been done by the government but a “tripartite cooperation with the government is needed, including in it the shipowners and the sector’s businessmen. Workers should be supported, because they make international trade a reality and play a crucial role in foreign trade. ITF affiliated unions in Mexico have been engaged in a constant struggle but the authorities do nothing even though they always promise to correct the situation. Moreover, we do not want a second-class poor quality service, we want the one established by the ILO Convention”, explained Rodríguez Fritz.

During his visit to Mexico, Tom Holmer, president of the ICSW’s
Trust emphasised that the ITF proved “it is necessary to establish a Seaman’s Centre in Ciudad Del Carmen, for all those working in the Campeche Basin”.

“We should not think of seafarers as people that need charity”, said Tom Holmer. “They are professionals with qualifications, yet they work in very arduous conditions, far from their families and they need access to services. The Trust has determined to do everything possible to break the isolation in which these workers live. The Seafarers Centres should provide good services.”

Peter Payoyo emphasised: “Seafarers are not beggars. There are 1.3 million workers in this sector in the world and their welfare is important to all of us. So the government and the shipowners should pay more attention, because all this is part of the process of making good profits.”

Congressman Marco Antonio Peyrot, secretary of the Marine Commission in the Chamber of Deputies, had this to say about Mexico’s lack of compliance with Convention 163:

“Our accountability, as a state, to international organisations that seek the promotion of seafarers’ welfare is inadequate. It is not what we would like to provide, because, in the globalized world which we are living in, where it is increasingly important that the ICSW has allies, we have not been up to the task in Mexico.”

Peyrot, deputy for the Partido Acción Nacional (National Action Party) says that the government shows no interest in complying with Convention 163 but that there is also a need to make an effort to convince the authorities to comply with the agreements they sign. “The Mexican authorities do not have the political will to meet the needs of seafarers; in these circumstances, it is very difficult to implement an international convention”, says Marco An-
tonio Peyrot, who is a seafarer.

Congressman Cuauhtémoc Velasco Oliva says that the non-compliance with the Convention has resulted in the violation of the human rights of seafarers entering Mexican waters: “While the Seafarers’ Centres are getting stronger in the rest of the world, there is simply nothing in Mexico. It does not even guarantee something so basic as a secure wage, let alone anything the ILO says. On the contrary, the tendency is for the government’s attitude to get worse.”
Cotemar has been providing accommodation and food services to workers in the Campeche Basin for three decades. It operates its own accommodation rigs and accommodation rigs owned by third parties and have multi-annual contracts with PEP worth millions. Cotemar is Prosafe Production’s main partner in Mexico, but while the European company can boast international prestige for its good corporation and employment practices, Cotemar is exactly the contrary.

In the current six-year period, Cotemar has obtained contracts from Pemex worth more than 9000 million pesos, but the company’s profitability is not reflected in working conditions. Cotemar is one of the companies that senators believe violates workers’ rights.

Interviewed in Ciudad Del Carmen, where the company has its operational base (its registered offices are located in the Federal District), its workers explained that their main grievances are the use of probationary contracts and unjustified dismissals that do not respect their contracts or their right to free association. They say that, in recent months, there have been massive dismissals of workers who have tried to exercise their right to join democratic unions that can properly represent them.

Women have the worst conditions. They repeatedly complain of unequal treatment, discrimination and sexual harassment. In 2004, a complaint was made to the United Nations against Cotemar for covering up sexual harassment and discrimination against women workers on their rigs. The complaint referred to the cases of Marcela Rosales Castillo and Reyna Vargas Lugo, which illustrate this company’s current practices.
Marcela joined Cotemar in March 2001. She worked as an administrator on the semi-submersible rig Lancia. Her duties included reporting to Pemex on the accommodation and food conditions of workers staying on the rig overnight. At the end of 2002, Gabriel Sarauz Santos became her manager. He soon began to make lascivious comments and sexual insinuations to her, and then he started to insult her and discredit her before her colleagues. The situation deteriorated when Marcela complained about him to other Cotemar managers. Protected by the company, Sarauz began a campaign against her that ended with her dismissal in December 2004.

Dulce Reyna joined the company in June 2002 as a quality controller on rigs leased to PEP. One year later, Dulce asked to be transferred to land because she was pregnant and Pemex safety regulations do not allow pregnant women on the rigs. Dulce should have been promoted because of her good work record but after she notified her manager, Edmundo Ham Sandoval, that she was pregnant, he asked her to resign. Dulce refused and was later sacked on the grounds that the company did not accept women with children.

**Bad example**

Discriminatory practices have been generalized at the Basin of Campeche.

A man and a woman carrying out the same work on an eight hour shift in the Bay of Campeche do not receive the same wage. Neither do a Mexican and a Filipino. In the Campeche Basin your pay depends on your nationality. The reduction in the cost of labour due to the number of Asian workers that are practically smuggled into the region is another serious problem.

The proportion of Mexicans in the offshore labour force has fallen considerably as the proportion of foreign workers has increased.
Currently, 78 per cent of the workforce is Mexican and 22 per cent are from Honduras, the Philippines, Vietnam, the United States, Norway, Sweden, Croatia and Venezuela, in that order.

Wages depend on nationality. For example, workers from countries that are poorer than Mexico, such as Honduras, Vietnam and the Philippines, are paid less than Mexicans; United States citizens and Venezuelans settled in Miami (employed by the transnational companies) are paid at least twice as much as Mexicans, even when they do the same job. This not only has an impact on workers, it also has an impact on the local economy because of the reduction in purchasing power.

“There are currently people in Ciudad del Carmen looking for work on the rigs, Mexicans and foreigners, who sometimes have to wait for up to two months on land in order to get a job on a rig and then wait again before receiving a wage, because everything is by contract, so it is not hard to see why nobody wants to lose their job, however much we are ill-treated by the foreman and however much the gringos shout at us and get annoyed if we don’t speak English, as happens with Noble employees”, explains Luis Sandoval, a worker on the Noble Contracting rig.

If a worker becomes ill while on board the rig, the company manager warns him that he will lose his job if he leaves the rig for dry land. If a worker asks for sick leave, he gets the same warning. If he has an accident that makes him wholly or partly unable to work, he will still lose his job. The state of the labour market stops workers from complaining, protesting, denouncing or demanding their constitutional rights.

“The companies always blackmail you by threatening to take your job from you if you do not do what they tell you to do. So workers allow their rights to be violated and put up with all kinds of abuse
and humiliation”, says Francisco Montes Granillo, Chair of the Unión Nacional de Marineros (National Seafarers’ Union), which has 15,000 members, including a few hundred working on the rigs.
XI
Union rights are often violated

As a member of the ILO, Mexico is obliged to comply with Convention 87 on the Freedom of Association and Protection of the Right to Organise. Local laws also exercise control over workers’ right to form trade unions to protect their rights and promote their common interests.

This is precisely one of the rights that is violated most often in the Bay of Campeche. Contractors ban their workers from creating organisations and from joining the unions of their choice. Worse still, most of them make their workers join “protection” unions.

In the oil producing areas, more than 200 trade unions operate in the construction, transport, gas and oil sectors. Most of them are “protection” unions, also known as “yellow” or “of convenience”.

This unions or pseudo-unions are generally created by “lawyers’ offices” who sell tricky collective agreements (called protection contracts) to the companies. When they contract a protection contract, they are carrying out an act of corruption since they are aware that it is a pseudo-union created to keep the male and female workers from getting unionised and ask for a real job collective agreement.

At the International Forum against collective agreements of protection, Captain Antonio Rodríguez Fritz, ITF Americas General Secretary, exposed that this kind of documents “are an act of simulation, since male and female workers do not have any rights and sometimes they do not even know that there is a pseudo-union or that a collective agreement exists in their work area. When they
complain and try to affiliate to a real union, the protection union and sometimes with the companies’ indulgence have they beaten or ask them to be dismissed. This system is a legal aberration that can only exist due to the high corruption level of the Mexican labour authority.”

Rodríguez Fritz denounces: “The Labour and Social Prevision Secretary is the main responsible for the maintenance of this simulation system, that is corrupt from all points of view, because the protection unions have generally open gates to this Secretary, while the real unions are obstructed when they try to defend the workers. This system is a cancer that has been harming thousand of male and female workers in Mexico and must be removed. The Mexican Government must assume its responsibility and finish this corrupt system.”

The protection unions in this zone that is so important for the national economy have been strengthened under the SNTPRM wings turning them into distorted, corrupt and decadent unions.

The Labour Centre in Mexico (Celamex) and the National Pastoral Labour Equipment detail the factors that attempt against Pemex human resources in Mexico.

The last three directors have risked the company’s human potential in three ways:

1ª. The company has early retired and disposed of valuable employees and of confidential unionised workers and has only employed workers for the highest levels with the best salaries.

2ª. Systematically violating the labour human rights of the unionised personnel, mainly if they oppose to the union di-
rection or are part of the confidential workers (in particular, opposing to the right of free organising), leaving the workers from the sub contracting private companies completely defenceless.

3ª. Consenting corrupt union leaderships and tolerating their impunity (which has allowed to deviate resources towards goals other than the contracting ones), leaders are likely to traffic with influences, from which their richness come from, towards accomplice entrepreneurs, officials, Corruption has also publicly harmed the companies, and is no less than also affecting the respect towards the workers’ rights, particularly in the way towards the ones who demand union democracy to their organisation.

Yellow unionism in Pemex has become stronger with the support of the SNTPRM, which has become a fashionable model: distorted, corrupted and decadent.

Since 1993, the oil union is headed by Carlos Romero Deschamps (re-elected three times), a trade union leader with a luxurious lifestyle, which includes weekend gambling trips to Las Vegas, and whose accumulated wealth bears no relation to his legal income. He owns houses in Mexico City, Cancún, the United States and the Cayman Islands and owns yachts registered in the Cayman Islands, for example, his most recent acquisition the Indomable.

Born in Tamaulipas, Carlos Romero Deschamps, joined the SNTPRM in the 1970s as chauffeur and personal assistant to the trade union leader Joaquín Hernández Galicia La Quina, one of the most corrupt trade unionists in Mexico. In the 16 years he has led the union, a dozen criminal denunciations have been made against him at the Public Prosecutor’s Office for corruption and abuse of power. These accusations, which the judicial authorities obstruct,
include siphoning off union funds to help pay for the politicians’ campaigns from his party, the Partido Revolucionario Institucional (Institutional Revolutionary Party).

The most scandalous case was the so-called *Pemexgate* case, when in June 2000, the then Pemex director, Rogelio Montemayor, “loaned” 1,200 million pesos to the union. Deschamps passed 500 million pesos on to Francisco Labastida Ochoa, PRI presidential candidate and a senator today.

Clause 245 of the Collective Agreement provides that Pemex deducts two per cent of employees’ wages to pass on to the union as union dues.

The SNTPRM currently receives an average of 30 million pesos per month in dues and spends eight million pesos on current expenditure, three million on travel allowances and other additional quantities. There are 4,580 Pemex workers in 36 trade union branches and their conditions are set by clause 251 of the Collective Agreement and article 43 of the Federal State Service Workers Law.

As we have already said, the SNTPRM has become a yellow union that only benefits its leaders, who have substantial privileges (different from the legitimate benefits that are associated with employment). These privileges have been declared illegal and some of the Pemex directors who provided them have been punished. The Ombudsman and National Prosecutor’s Office ruled that Raúl Muñoz Leos (ex director of Du Pont and then Pemex) illegally transferred 7,000 million pesos in 2004 and he was disqualified from public office for ten years.

In addition to the Pemex contractors, not one of which complies with ILO Convention 87, Pemex itself also violates the workers’ rights who have tried to exercise their right to freedom of associa-
tion, and this illustrates the situation in Mexico regarding to this international convention.

On separate occasions, professionals from various trades who provide services to Pemex have tried to exercise their right to freedom of association and to create democratic unions that are really representative. Workers form associations, coalitions and trade unions and, in accordance with legal procedures, presented a request for registration to the Ministry of Labour and it is at this point that the federal government participates in the anti-trade union practices, typical of the last two governments in Mexico, which have promoted flexibilisation of employment. The STPS obstructs the registration of Pemex workers, in the mean time, one by one are being dismissed.

The SNTPRM has not had the capacity to deal with the complex circumstances associated with the massive job losses, unjustified dismissals and terminations of job posts suffered by oil workers during the six-year term of the present government because it has proved impossible to dislodge Carlos Romero Deschamps from his position as union leader. For example, it is expected that 10,000 workers will lose their jobs this December (2009) but the union has made no comment.

The fight for the freedom of association in the gas and oil industry in Mexico has also had its martyrs:

In 2007, 30 oil workers disappeared, including trade union leaders, other workers and retired workers at the Héctor Lara Sosa refinery in Cadereyta, Jiménez, Nuevo León, attached to branch 49 of the SNTPRM. On the night of May 16, at the end of an SNTPRM Section 49 meeting, a national executive member, David Fernando Vega Zamarripa, was “kidnapped” by an armed group, along with several colleagues.
On the following day, his elder brother, Hilario Vega Zamarripa, general secretary of the section and former federal deputy for the PRI, received a telephone call ordering him to go to an address and threatening that if he did not comply with this order, David would be killed. Hilario went to the address and nothing further was heard about him.

The same month, Víctor Manuel Mendoza Román, Jorge Alejandro Hernández Faz, David Sánchez Torres and later the retired workers Félix Sánchez Torres, Luis Enrique Martínez Martínez, José Luis Zúñiga García all disappeared. On May 20 the former major of Cadereyta, José Luis Lozano Fernández also disappeared. They were all members of Section 49.

Although the brothers Hilario and David were very close to the trade union leadership, the SNTPRM made no attempt to clarify their disappearance.

While it is true that the conditions of SNTPRM members are problematic, employees of the contractors simply never get the chance to organise. The environment in the Campeche Basin is not favourable to workers exercising their right to freedom of association and collective bargaining. Although the law provides for such rights, they are not respected and it is the government’s institutions themselves that stand in the way of collective bargaining.

This violates article 9 of the Mexican constitution, which says that there must be no interference with the freedom of association and the right to meet peacefully for any legal objective. An assembly or meeting called to present a request or make a protest to any authority is not considered to be illegal and cannot be dissolved, unless they slander the authorities or use violence to threaten or intimidate the authorities or force them to resolve the issues in question.
XII

Corruption, the essence of the problem

“Corruption kills”, says the non governmental organisation Transparencia Internacional, and identifies the bad performance of the government contractors as one of the factors that give way to corruption, contributes to the irregular management of public resources and above all, directly affects the society. He explains that the irregularities in the public contracts lead to “the distortion of a fair company contest, the wrong expenditures of resources and to the perpetuation of poverty and inequality”.

Countries from all over the world spend an average of up to 70% of their budget in public contracts related to the provision of goods, works or services, accounting for 4 billion pesos a year. From this amount, Transparencia Internacional calculates that between the 10 and 25%, of it, this is up to a billion pesos, “is lost due to corruption”. In some cases, the amount can go to a 40 or 50% of the contract’s value.

At world level, Mexico is placed between the two countries with more incidences in these practices. Internal comptrollers from the 264 of the federal government dependencies investigate frequent cases of providers involved in illegal, fiscal, administrative and developing irregularities since they present false bail, policies and invoices, they lie about their fiscal condition in the contracting processes and above all, do not fulfil with their contract’s processes, concealed by public officials.

According to the Secretaría de la Función Pública, from the 264 dependencies, Petróleos Mexicanos is the one registering the highest number of corruption actions. In the oil and gas industry, small companies as big consortium national or international, commit all
kinds of irregularities going from lying about their fiscal condition or simulating contests, committing illegal acts as the use of fake documents to credit bails, policies or to receive additional payments.

Corruption in Pemex is systematic and involves public officials from the highest level (including the Presidency of the Republic), to all the political parties and to consortiums of all importance. Marco Antonio Díaz, Auditor Comptroller from Pemex for ten years says that amongst the 40 and 50% of the cases that integrate all the complicating involve public services in co-responsibility with the contractors, “either for complicity or by omission”, since “their obligation is to make sure that from the bidding phase, it must adhere to the law and that omission is also corruption”.

Some examples:

In 2008, the Securities and Exchange Commission (SEC), admitted before the Pride International that between 2002 and 2006, they bribed several Mexican government officials and employees in order to speed up their arrangements with the customs and immigration posts.

Those payments, according to the company itself, were also used to give “unproper entertainment” to some officials of the Mexican government.

Bribes were paid by Pride, according to a document that the company itself had sent to the Comisión Del Mercado de Valores (SEC, by its acronyms in English) of the United States, during President Vicente Fox Quesada’s six year period. The SEC suggests that an internal investigation “found evidence that some of the payments (around one million dollars) that may violate the laws which punish acts of corruption from American companies outside this coun-
try, were made to Mexican officials”, stated Pride International. Another shocking case was the one of the German software manufacturer SAP, that bribed a high official: Manuel Reynauld, Pemex sub director of Business Processes and Technological Infrastructure (Procesos de Negocios e Infraestructura Tecnológica) with a trip to the Formula one great prize in Monaco, after the mentioned official granted it a contract with Pemex for 30 million dollars by direct adjudication.

In 2007, it was denounced before the Congreso de la Unión, that three Pemex officials were receiving bribing from Schlumberger, company that besides of this, has in its pay roll some of these same officials’ relatives. José Manuel del Río Virgen, the at that time President of the Maritime Commission from the Cámara de Diputados, explained that Schlumberger paid trips to Europe and Brazil to those three Pemex employees because they had cooperated with the transnational so it could be benefited with the approval of those contracts in order to install its infrastructure in Mexico.

Those officials were the sub director of the north region of Pemex Exploración y Producción, Alfredo Guzmán; the technical secretary of the sub private company, Andrés Zavala, and the contract’ manager, Adolfo Cortés, “who took advantage of their positions” in Pemex “to give adjudications to the foreign company”. The Secretaría de la Función Pública opened investigations against those officials for supposed illicit enrichment after benefiting the firm with contracts supposedly irregular. The representation in México from the French firm admitted that some of the Pemex officials’ sons are working for it.

The Federal former Deputy Del Río Virgen labels Pemex officials as “corrupt ones who have gathered huge fortunes in property and banking accounts, thanks to the unmeasured support they have given to foreign companies, displacing the Mexican work force form
the exploration, exploitation and handling of hydro carbons.”

On its behalf, the Auditoría Superior de la Federación, on revising the Public Account Nr. 2007, detected supposed fiscal irregularities of the Dowell Schlumberger de México firm, in invoices from its work to Pemex Exploración y Producción. This organism requested the SFP to open the corresponding investigation.

These supposed irregular operations that the Secretaría de la Función Pública is investigating are contracts from LMC Construcciones and Construlav, Nabors Perforaciones

The Auditoría Superior de la Federación has proved that corruption has artificially put up the oil production prices, which in a country with an oiled economy, increases the negative effects that together with the economic impact pay higher costs. The International Transparency appreciation is literally that in the Basin of Campeche: corruption kills.

At present, a court in the United States investigates the supposed responsibility and involvement of the American transnational Gulf Coast Marine & Associates Inc. (And its sub contractor Glen Carter), Batelle Memorial Institute, Baker Hughes Inc., Schlumberger Limited, Halliburton Company and Vetco Gray Inc, in the accident occurred on the Usumacinta rig.

On the file Nr. 9:2008cv00200, dealt with in a court in Texas, they are pointed out as responsible of negligence, design defects, strict responsibility on the products and of the emergency boats’ bad state. The file details that such firms were negligent in allocating the Usumacinta rig in respect to the Kab 101 fixed rig, besides that they had not provided the workers with a “safe work environment”, neither of “functioning life boats”, and that “efforts to an on time rescue” had not been executed.
The Arnold & Itkin, firm that represents the victims’ relatives, argues that there are definitive signals to prove the mentioned companies’ responsibilities.

Gulf Coast Marine was in charge of equipping the tug boat; Batelle gives Pemex a number of services, amongst them, the environmental evaluation for off shore explorations through an alliance with the Instituto Mexicano del Petróleo; Baker Hughes had equipment inside or in the rigs’ nearby, Schlumberger manufactured the Kab 101 valves from which the oil and gas leakage that originated the fire came from; Halliburton and Vetco Gray kept personnel on or near the rigs; Glen Carter –worker sub contracted by Gulf Coast Marine– was conducting the rig the day of the accident and Pemex was operating the work.

Besides that Pemex tried to bribe the local population “intending to hide away the boats’ debris, while they publicly announced a full three phase investigation in collaboration with Batelle in order to determine the accident causes”.

The sue outlines that the Pemex life boats “were not apt for their objectives, were not safe and were not in good conditions”. Adding that Baker Hughes, Halliburton and Vetco Gray “contributed to a dangerous environment in not providing a proper supervision and equipment of the Usumacinta and/or the Kab 101”.

In respect to the Schlumberger valves, the file stated that they “had a deficient design because they lacked of an hermetic seal, meaningfully increasing the risk of an oil and gas leakage potentially dangerous and continuous on the rig”.

Some of these companies have been related to corruption acts in other oil regions’ industry. For example, in 2007 the transnational Vetco International and its subsidiaries Vetco Gray Controls Inc.,
Vetco Gray Controls Ltd. and Vetco Gray UK Ltd., declared themselves guilty of violating the Law of Corrupt Practices Abroad in order to give bribes to officials in Nigeria.

The firm Baker Hughes Services International Inc., subsidiary of Baker Hughes Incorporated, also declared itself guilty for bribing a Kazakhstan public high official. So did the Battele firm which has accepted that it Invests millionaire resources in bribing the Congress in counties where it operates.

The corruption acts from companies that operate in The Basin of Campeche involve the principal Pemex directives:

Raúl Muñoz Leos (director de Pemex Director (between December 2000 and November 2004) and its successor, Luis Ramírez Corzo (November 2004 – November 2006), participated in irregular actions to adjudicate the Oceanografia shipping company, contracts out of regulations. During that administration, the shipping company became the main leasing company of vessels In the Basin of Campeche, thanks to commissions it granted to the President Vicente Fox’s sons in law, Manuel and Jorge Bribiesca and to their uncle Guillermo Sahagun, Marta Sahagun de Fox’s brother.

Jesús Reyes Heroles González Garza (December 2006 - September 2009) operated contracts for the Texan firms Mexssub International Inc., MexLub and the EMS consortium, which he worked for as counselor before arriving to Pemex.

Juan José Suárez Coppel, (September 2009 – present days). As Pemex finance Corporative Director during Vicente Fox six year period and present General Director of the oil company was involved in a supposed corruption net of officials that operated contracts for the Blue Marine Technology consortium and its filial Arrendadora Ocean Mexicana, partners in Mexico of the Norwegian company Bergesen Worldwide Offshore Limited and of the North American Subtec. It was informed by the Secretary of Public Func-
tion (Secretaría de la Función Pública) and widely spreaded by the national media.

The AOM stock holders are Antonio Juan Marcos Issa, counselor of three Pemex directors: Rogelio Montemayor (involved in the illegal deviation of the company’s resources on favour the SNT-PRM), Raúl Muñoz Leos and Luis Ramírez Corzo and Juan Reynoso Durand, his son in law who also is a stock holder.

Several audits carried out by the Auditoría Superior de la Federación credited as illegal, the overpriced of AOM vessels leased to Pemex, the vessel from Bergesen, and the ones from the Danish company Torm. In the leasing of these vessels, the fiscalisation organism detected a supposed fraud to the public treasury for more than 60 million pesos.

In 2007 The Secretaría de la Función Pública stated that it was established a pattern to exchange information between the AO directives and Pemex through cell phones, personal electronic mails and through confident messengers, to count with a permanent communication between Juan Reynoso Durand and Jaime Suárez Coppel, Jose Suárez Coppel’s brother, between Antonio Juan Marcos Issa and Juan José Suárez Coppel, and between Juan Reynoso Durand, Jaime Suárez Coppel and Pedro Gómez Flores, sub director of Distribución y Almacenamiento from Pemex Refinación, in order to arrange contracts and commissions.

The agreement between officials and contractors makes us clear why the oil company covers up irregularities within the gas and oil industry.

In resume, the origin of the problematic in the Basin of Campeche is the corruption that exists at all levels. It superimposes on private benefits either national or foreign, on the fulfilment of regulations and on the respect of the workers’ rights, this, at the end, is perverting the industry.
XIII
Conclusions

The situation we have described shows clear violations of the Mexican Federal Law, Article 3, first chapter on General Principles says:

Labour is a right and a social duty. It is not a commodity and the freedom and dignity of workers must be respected and working conditions must ensure the life, health and a decent income to workers and their families. It is not permitted to discriminate workers on the grounds of race, sex, age, religious faith, political doctrine or social class. Moreover, it is in the public interest to promote and monitor the provision of training for workers.

The male and female workers’ state of defencelessness in the oil and gas industry in the Basin of Campeche is evident, favoured by the corrupt association of Pemex contracting and sub contracting companies with pseudo-unions (white, protection or convenience unions) and under the Labour authority’s protection. When workers try to defend their rights, they are being beaten or processed as “rioters” by the authorities and when real unions try to organise them, the Labour Secretary avoids their recognition. Protection unions are real cartels of corruption that move fortunes and buy the authority’s conscience.

What is inconceivable is that many of those contracting or sub contracting companies operate in other countries respecting their laws, negotiate through collective agreements and even defend the social dialogue and international principles of the labour law, the question should be why don’t they do in Mexico?. Some of those companies have commented that in Mexico they work under those
conditions because “that is the system like”, however those companies should be legally punishable in their countries of origin for violating the human rights of employees working at the Mexican off shore industry.

Pemex violates the FLL by not taking responsibility for the workers employed by contractors. Article 15 of the FLL states:

Companies carrying out work or providing services exclusively or mainly for another company and that cannot make provision in accordance with Article 13 must observe the following standards:

I. The beneficiary company shall be jointly and severely be responsible for the obligations contracted with the workers; and

II. The workers employed to carry out work or provide services shall have the right to the same working conditions as those enjoyed by workers carrying out similar work for the beneficiary company. In order to determine the proportion, consideration shall be given to the difference between the minimum wages levels in the geographical areas where the companies are operating and other circumstances that might have a bearing on working conditions.

Most contractors provide working conditions of a standard very much below those required by law and therefore violating Article 56 of Chapter 3 on Working Conditions, which states:

Working conditions should not in any case be lower than those established by the law and should be provided according to the service importance and equal for equal jobs, without differences due to race, nationality, sex preference,
age, religious creed or political inclination, except for conditions so expressed by the law. In equal activities, male and female workers do not have the same salary, and its amount is sometimes based on their nationality.

Chapter 1 of Section IV on the Rights and Duties of Employees and Employers shows that the contractors who are paid a fortune by Pemex do not comply with their duties to workers. Article 132 lists the duties of employers:

I. Comply with the provisions of labour laws applicable to their companies or branches;

II. Pay wages and compensation to their employees, in accordance with labour laws applicable to their companies and establishments;

III. Provide employees, as appropriate, with the tools, instruments and materials necessary to carry out their work. These should be of good quality and in good condition and should be replaced when they are no longer suitable for the task, unless employees have agreed to use their own tools. Employers cannot demand any compensation for normal wear and tear suffered by work tools, instruments and materials;

IV. Provide a secure place for storing work tools and instruments belonging to employees if such tools and instruments need to be kept at the workplace. It is illegal for employers to withhold them in lieu of compensation, as a guarantee or for any other reason. An inventory of work tools and instruments should be made whenever employees so request;
V. Maintain a sufficient number of seats or chairs available to employees in shops, offices, hotels, restaurants and other similar workplaces. This same provision shall apply to industrial establishments when the nature of the work so permits;

VI. Give employees due consideration and refrain from verbal or physical abuse;

VII. At the request of employees, issue every two weeks, written evidence of the number of days worked and the amount paid;

VIII. Provide employees who so request or who leave the company, with written evidence of their services within three days;

IX. Provide employees with the time necessary to vote in elections and to comply with the jury, electoral and census services referred to in Article 5 of the Constitution, in the event that these activities were to take place during working hours;

X. Allow employees to be absent from work to perform part-time or full-time duties on behalf of their trade union or the State, as long as they give due notice and as long as the number of absent workers does not prejudice the efficient running of the establishment. Pay for the lost time may be deducted from employees unless they compensate by making the time up. When the absence is on a full-time basis, employees may return to their job and keep all their rights, as long as they return within six years. Their replacements shall be regarded as interim employees but shall be considered full members of the workforce after six years;
XI. Inform the trade union that is signatory to the collective agreement and employees in the category immediately below, of newly created positions and permanent and temporary vacancies;

XII. Establish and maintain schools as required by Article 123 of the Constitution, in accordance with the law and the Ministry of Education;

XIII. Cooperate with the employment and education authorities, in accordance with the laws and regulations, to help employees become literate;

XIV. When employing more than 100 and less than 1000 workers, pay the costs necessary to support one of their employees or one of the employees’ children, chosen by the employees themselves and the employer according to their aptitudes, qualities and dedication, in a respectable condition at special centres, national or abroad for technical, industrial and practical studies.

When employing more than 1000 workers, employers must provide three scholarships in the conditions outlined above. Employers may only cancel scholarships if the holder of the scholarship fails the course during one year or behaves badly; in these cases, scholarship holders shall be replaced by another candidate. Scholarship holders that complete their studies must offer their services to the employer who paid for the scholarship and continue in his employ for at least a year;

XV. To train their workers, in terms of Chapter III Bis of this Title.
XVI. In accordance with health and safety principles, establish factories, workshops, offices and other workplaces in a way that prevents work accidents and avoids harm to employees, and adopt the necessary measures to prevent pollutants exceeding the maximum permitted levels as set out in the regulations and instructions issued by the competent authorities. To this purpose, employers must change their facilities, as appropriate, as indicated by the authorities;

XVII. Comply with the provisions of health and safety laws and regulations in order to prevent accidents and diseases at the workplace and, in general, at any location where work is required; and at all times make available the indispensable medicines and treatment materials set out on the instructions issued, in order to provide timely and effective first aid. Inform the competent authorities of any accidents that occur;

XVIII. Display and circulate in the workplace, the provisions of health and safety regulations and instructions;

XIX. Provide employees with the prophylactic medicines determined by the health authorities in places where there are tropical or endemic diseases or when there is a danger of epidemics;

XX. When the permanent population of a rural workplace exceeds 200, reserve a construction lot no smaller than 5000 square metres for the establishment of a public market, buildings for municipal services and recreation centres, unless the workplace in question is less than 5 km from the nearest town;
XXI. Provide trade unions in rural workplaces, if they so request, with an unoccupied place where they can set up their offices, charging the corresponding rent. If there is no place of the type indicated, any of the buildings used for accommodating employees may be used instead;

XXII. Deduct union dues, as requested by the trade unions, as long as they are as provided by Article 110, part VI;

XXIII. Deduct fees for the creation and development of co-operative societies and savings’ banks, in accordance with the provisions of Article 110, part IV;

XXIV. Permit the inspection and monitoring of establishments by labour authorities so they can ensure compliance with labour law and provide reports that are indispensable for this objective, when requested. Employers may require inspectors and commissioners to show their credentials and inform them of their instructions;

XXV. Contribute to the development of cultural and sport activities among their employees and provide them with the necessary equipment and tools.

XXVI. Make the deductions provided for in parts IV of Article 97 and VII of Article 110, and inform the relevant banking institutions of such deductions and if appropriate to the Fondo de Fomento y Garantía para el Consumo de los Trabajadores. This duty does not make employers liable for repayment of credits extended to their employees.

XXVII. Provide pregnant women with the protection provided for in the regulations.
XXVIII. Participate in the creation and operation of commissions that the law requires to be established in all workplaces.

In a clear example of how companies ignore the law, we can refer to the provisions of Chapter 3 bis on training, Article 153-A of which states:

All workers have the right to vocational training and that employers must provide such training so that employees can increase their living standards and productivity, in accordance with the plans and programmes jointly formulated by employers and trade unions or employees and approved by the Minister for Labour and Social Welfare.

Among the articles that are most ignored is Article 194. Although this is an indispensable requirement, authorities and companies alike ignore it. They prepare employment contracts in a way that allows them to violate employment rights and avoid their duties and therefore infringe Article 194, which states:

Working conditions shall be set down in writing. One copy shall be provided to each party and another sent to the Harbormaster or the nearest Mexican consulate and a fourth copy to the stipulated Labour Inspectorate office.

As we have shown, there is not a single rig that complies with the provisions of Article 204 of Chapter 3, “Seafarers” of Section 6 on “Special Work”, which states that employers have the following duties:

I. Provide comfortable and hygienic accommodation on board;
II. Provide healthy, sufficient and nutritious food to seafarers employed on shipping engaged in overseas, coastal or dredging work;

III. Provide accommodation and food when ships are set for repair in foreign ports and conditions do not allow workers to stay on board. Employers have the same duty in national ports in the case of employees not recruited in that port. The housing and food shall be provided at no cost to employees;

IV. Cover the costs of sending money drafts to the workers’ relatives when the ship is in foreign waters;

V. Give employees sufficient time to vote in elections, as long as the vessel is secure and as long as this does not delay the ship beyond the scheduled date and time of its departure;

VI. Allow employees to be absent from their work in order to carry out duties for the State or their trade union, on the same conditions referred to in the previous part;

VII. Provide food and accommodation, medical treatment and medicines and other therapeutic resources in the event of illnesses of any nature;

VIII. Carry aboard the medical personnel and materials established by law and provisions on sea transport;

IX. Repatriate employees or transfer them to an agreed location, other than in cases in which separation is not attributable to the employer;
X. Inform the Harbourmaster of relevant accidents on board, within 24 hours of free practice. If the ship arrives at a foreign port, the report should be delivered to the Mexican consul or, if unavailable, the master of the first national port it enters.

Article 3 of Section 9 on workplace accidents, orders that compensations for workplace accidents resulting in disabilities, shall be paid directly to the affected employees.

Article 487 states that workers suffering an accident at work shall receive:

I. Medical and surgical assistance;

II. Rehabilitation;

III. Hospitalization, when required;

IV. Medicines and treatment materials;

V. The necessary prostheses and orthopaedics;

VI. Compensation as set out in this present section.

In the most extreme cases, when workers have lost their lives, companies and authorities act in a lazy manner and do not comply with the provisions of Article 501, which states that the following persons shall have the right to compensation in the event of a fatality:

I. A widow or widower that is economically dependent on the dead worker and that has a 50 per cent or more incapacity and their children under the age of 16 and children aged 16 or above if they have a 50 per cent or more incapacity;
II. The parents will also be eligible for compensation along with the above-mentioned persons in the previous part; unless it is proved that they did not depend financially on the worker;

III. If there is no surviving spouse, in addition to those indicated in the two previous parts, the person with whom the worker cohabited during the five years immediately preceding his death, or the woman with whom he had children, as long as both remained unmarried during the period of cohabitation.

IV. If there is no surviving spouse, children or parents, the person who depended financially on the worker, as outlined in the previous part, in the proportion to which each one depended on him;

V. In the absence of the people mentioned in the preceding parts, the Mexican Social Security Institute.

The authorities are accomplices in the non-compliance with the law because they do not comply with Article 511. Labour Inspectors have the following special attributes and duties:

I. Ensure compliance with laws and regulations on the prevention of workplace accidents and the health and safety of employees;

II. Record any violations in a special report;

III. Cooperate with employees and employers in disseminating laws on accidents and health and safety.

Additionally, the SCT through the Coordinación General de Puertos
y Marina Mercante, is the authority responsible of implementing International Agreements and National Regulations in the human security at sea issue. As this document has demonstrated, security inspections are generally not carried out on time and form even when irregularities have been found, the operation of ships and maritime artefacts presenting deficiencies is not forbidden until accidents happen.

Authorities from the STPS as from the SCT have expressed that amongst the reasons that avoid inspections are the insufficient number of inspectors, the lack of adequate training programmes and even the high age average, which in practice keep them away from carrying out their work in a meticulous way. Mexican authorities have in any way been legally processed for not impeding the operation of vessels that do not comply with the National or International regulations on security.

This latter, generates a perfect mechanism. Vessels and Maritime artefacts that generally do not comply with international security regulations are leased through amounts that overcome the world’s average. Monies are sent to fiscal paradises thus escaping from a proper inquiry, and workers are compelled to labour under infrahuman conditions unaccepted at international level. The Labour authorities and the protection unions impede workers to defend their rights and keep Mexican laws away from being complied on board.

Besides all this, the judicial authorities process the workers that “mutiny” or to say it better, that carry out strikes for not receiving their wages. The Merchant Marine authorities do not strictly comply with their role to inspect conditions on board and even this authority itself has stated that some companies lie about the identity and certification of personnel on board, but they do not sanction them either.
In this spiral of complicity, Pemex continues contracting vessels even when they do not comply with the required technical characteristics, allowing the violation of security regulations that risk the worker’s life, granting servicing contracts or fleeting vessels that do not comply with the service or functions they have been leased for. Additionally, Pemex, the immigration authorities and the SCT allow Mexican maritime workers to be displaced by foreigners, attempting against the right of their fellow citizens to have an employment.

The end is even more sad, the few times in which the death of an oil industry worker is investigated, the official report establishes that the responsible one is always the deceased, even in evident cases of industrial insecurity.

Shall it be possible that governments from other countries in which corruption is punished, where a worker’s death for systematic violations of security regulations results in an impartial investigation that processes the culprits (not the deceased who followed orders), where there is respect to the human rights of those workers labouring in the oil and gas industry, could accept to maintain free commerce agreements with a country that generates a social dumping at the cost of the worker’s human rights and lives?.

This study has the objective to expose the real conditions to which the Mexican workers are submitted by national and international companies without a social responsibility. The immobility of the Mexican authorities even after the wave of serious accidents could be changed only if the Mexican State is compelled to fulfil its international agreements, if Pemex complies and make its contractors comply with the law, if the SCT inspects what is going on in the Basin of Campeche and if the STPS complies with its mission and obligation: watching over the worker’s rights.
Pemex and its contractors and/or its sub contractor’s conduct, attempts against the social and entrepreneurial responsibility and against the international regulations which the Corporate of Social Responsibility (Corporación de Responsabilidad Social) imposes on it, such as the Global Pact, initiative from Kofi Annan, General Secretary of the United Nation’s Organisation (Organización de las Naciones Unidas), in order to call the enterprisal society to unite their efforts to that organization.

The adoption of the tenth principle, compromises the participants of the World Pact (Pacto Mundial), not only to avoid bribery, extortion and other forms of corruption, but also to develop concrete programmes and practices to address this issue and to contribute with a more transparent world economy free of corruption.

The ten principles from the World Pact are worth remembering

**Human Rights**

**Principle I**

Support and respect the protection of human rights proclaimed by the international environment.

The responsibility to respect the human rights is not limited to governments or nations. Human Rights are so important for the people as for the organizations they conform. As part of the World Pact, the enterprisal community has the responsibility to protect the human rights; at work as in the places it exerts its influence.
The reasons why companies should assist the issues referring to human rights are:

Local and international law is respected.

The state of right is promoted.

Consumer’s needs are assisted.

Productivity and worker’s labour are incremented.

Good relations with the community are built.

Some ideas to implement the respect towards human rights in the company’s policies:

To develop an administrative system based on health and security.

To facilitate the training of the work team on human rights and the way these are being affected by the company’s business.

Improve working conditions after consulting workers and their representatives.

The respect to human rights is guaranteed when:

Safe labour conditions are promoted;

Personal practices are not discriminated;

The forced eviction of individuals, groups or communities is prevented;
Campeche Basin, paradigm of labour exploitation

It is being worked to protect local community’s economy;

Amongst other measures to be taken.

Principle II

Be sure not to be part of human right’s abuse.

Many people agree that the term “complicity” is very difficult to be appreciated and categorized. It represents a big challenge to company owners to fully understand what “complicity” means in order not to get involved in human right’s violations. Since the dynamics amongst governments are changing, the companies and the civil society are also changing; and also is our understanding about when and how the different associations must be responsible of human rights.

It is important to comprehend that in the enterprisal concept, complicity can be presented in many ways:

Direct complicity:

It happens when a company is consciously immersed in a situation in which the human rights are being violated. An example of this is when the company promotes the forced placing of people under circumstances related with enterprisal activities.

Beneficial complicity:

It suggests that a company gets directly benefited by an abuse of human rights committed by someone else. For example, violations committed by security forces in order to suppress
a protest against the company’s activities.

Silent complicity:

It describes the way in which human right’s defenders observe a company that has failed in giving an adequate importance to the systematic or continuous violations to human rights and their interaction with the corresponding activities. For example, the continuous discrimination of gender or of certain ethnic groups, etc.

It is suggested that the companies:

Respect international guides and standards in respect to the use of force.

In case that the company gives the security force some economical or material support, specific actions should be established to assure that such economical support will not be used to violate human rights and make clear that the company will not condone any violation to the International law of Human Rights.

To publicly and privately condemn the systematic and continuous human rights abuses.

**Labour Rules**

**Principle III**

To respect the free association and the effective recognition of the right to collective agreements.
The companies are facing many uncertainties at the present world market since this is under a constant change. Establishing a genuine dialogue with free elected labour representatives; allow workers and employers to better understand the mutual problems and to find a better way to solve them. The security that being represented offers is a base to build a bilateral confidence. The free association and the exercising of collective agreements, create opportunities for a constructive dialogue, whose solutions represent benefits for the company, its stock holders and finally for the society. Many studies demonstrate that the dynamics resulting from a free association may increase productivity, revenue and benefits for all those involved.

Possible strategies for the companies:

Make sure that the workers are able to conform a union of their election without fearing reprisals or intimidations. Provide facilities to aid the worker’s representatives to carry out their work, respecting their needs, size and the company’s capacity.

Use collective negotiations as a constructive forum to assist labour conditions, labour terms and relations amongst employees, employers and their respective organisations.

Regular conversations with the most representative union to assure that smaller organisations, may continue representing its members.

Consider the condition of worker-patron relations at the time the company is accepting the free association and the collective agreements. In countries with not enough legal protection, measures should be taken to maintain the security and
confidentiality of its unions and leaders.

Support the creation and functioning of labour organisations and local or international unions.

**Principle IV**

**Eliminate all forms of forced or mandatory work.**

Forced or mandatory work is any labour or service executed by any person under threats of penalization or that the person who will perform it had not voluntarily offered to execute. Paying salaries or other compensations do not necessarily mean that such work may not be forced or mandatory. Work as stated by the law, should be freely carried out and the workers according to the established regulations may leave it when so they decide.

Delaying the proper development of work diminishes the productivity level and the economical growth for the society in general. The loss of revenue due to the interference of normal work or of the activities generators of revenue may reduce the earnings of complete families and consequently promote the loss of food, living quarters and health services.

Forced or mandatory work is presented in several ways:

**Slavery**

Slavery due to debts: An old practice though still valid in some countries. Adults and children are forced to work in slavery conditions to pay for debts incurred by the person, by the father or by some relative.
Children working under especially abusive conditions.

The work or service of prisoners if voluntarily contracted or set to service individuals, companies or private associations.

Work with development purposes requested by authorities.

Work required, punishing some ideological opinion or expression contrary to the established political, social or economical system.

Obligatory over time Retention of personal or financial documents on contracting.

Principle V

Effective abolishing of children’s work.

Children’s work has taken place almost all over the world, and is still being an important problem in many developing countries, in spite of happening (in a less evident way) in developed or industrialised countries.

Children’s work deprives them of their infancy and dignity. Many of them work many hours with very low or null salaries and under conditions harmful for their health and their physical and mental development. Education is denied to them and in many cases they are separated from their family. Children that do not finish their primary studies are very likely to be illiterate for ever and will probably never obtain the necessary skills to get a job and to contribute with the development of
modern economy. Consequently, children’s work is translated as many unskilled workers for the role they might develop, risking the future improvements of the work force.

Children’s work also exists due to poverty and lack of development pressures, but it is also a simple consequence of exploitation existing in formal as in informal economy. However, it is in this last one in which the worse forms of children’s work are present.

Any form of slavery (children’s traffic, servicing due to debts, forced or obligatory work or children fighting in armed conflicts).

The using, supplying or offering of children for prostitution or pornographic activities.

The using, supplying or offering of children to execute illegal activities as drug production or drug dealing.

Any work that could damage the children’s health or moral values as a consequence of the circumstances it might have been done.

Concrete actions:

Respect the minimum age required by the national labour laws, if these were not sufficient, follow the International regulations.

When children with ages not permitted by the law are detected, take the necessary actions to evict them from their work place providing them and their family with alternate adequate services.
Support the development of educational, vocational training or counselling programmes for working children and their parents.

**Principle VI**

**Eliminate discrimination respect employment and occupation.**

The definition of discrimination of employment and occupation means: “Any distinction, exclusion or preference to nullify or misbalance the equity of opportunities or treatment in any job or occupation. Discrimination may affect race, gender, religion, politics, public opinion, nationality or social extraction. Of course, distinctions based on the requirements inherent to a job are not considered as discrimination.

No discrimination means that the workers should be selected basing on their capacity to perform a certain work without any distinction, exclusion or preference based on other issues. Workers affected by discrimination at work have no opportunities and their rights are being violated.

Discrimination may be direct when the rules, regulations or practices explain a reason as gender, or race to be deprived of some opportunity but discrimination is almost always indirect and is exerted where the regulations and practices seem to be neutral but they are really promoting exclusions.

From the enterprisal point of view, discrimination has no sense, since this practice restricts the workers and skills stream decelerating the company’s economical growth and
the society’s in general.

Companies may apply specific measures to solve the discrimination problem:

Create politics and proceedings in which aptitudes, experience and training of workers should be the basis to be contracted.

Eliminate the systematic requirements that set certain groups in disadvantage.

When identifying discriminatory practices proceedings to assist complaints should be developed.

In operations out of their country of origin, the companies may give way to cultural traditions and work with labour representatives and governmental authorities to ensure the equal access to work to women and other minorities.

Environment

**Principle VII**

**Support preventive methods in respect to environmental problems.**

What is a preventive method?

According to the Declaration of Río, “to obtain a sustainable method, the environmental protection must be an integral part of the development process and must not be considered as an isolated issue. [...] In order to protect the environment,
preventive methods must be applied according to each State’s capacity. When a threat of a serious or irreversible damage exists, the lack of an absolute scientific certainty should not be used as an excuse to postpone the cost-benefit measures that could prevent the environment deterioration.”

Prevention can be found in many fundamental concepts:

Anticipated prevention: Take the necessary actions, even before the existence of a scientific proof that the retardation of such actions may cause damages to nature or to society.

Safeguard the ecological ‘space’: Not surpassing the ecological margins in order to protect and increase the assimilation capacity of the natural environment. This means that the excessive use of resources must be stopped.

Proportional answer: Demonstrate that the restriction levels chosen are not excessively expensive.

Mandatory care: Those executing some activity or change must demonstrate that they do not cause any harm to the environment.

Promote the intrinsic natural rights: Allowing that natural processes function in a way as to maintain the essential balance for life on earth.

Pay the ecological debt: Or compensate the past lack of judgment, as indicated by the “common but differentiated responsibility”, concept contained in the United Nations’ Convention on the climate change.

The key element of preventive methods, from an enterprisal perspective, is keeping in mind that prevention is better than
cure. In other words, is more effective regarding costs, to carry out an early action to guarantee that the irreversible environmental damage may not be present,

**Principle VIII**

**Adopt initiatives to promote a bigger environmental responsibility.**

The Cumbre de la Tierra in 1992 caught the attention on three important points:

The damage that many eco-systems are suffering.

The threat of the planet’s diminishing capacity to sustain life in the future.

Our capacity to maintain an economical and social development at long range.

During this Cumbre, the meaning of environmental responsibility for the companies is “the responsible and ethical management of products and processes in respect to health, security and environmental issues. In order to reach this goal, the companies and industries must increment a guided self-regulation, followed by adequate codes, laws and initiatives in which all planning and take of decisions of the companies, besides the aperture to a dialogue with workers and with the public in general must depend on”.

Through Principle VIII, the World Pact presents a scheme so the companies carry out some of the fundamental objectives established in 1992.
The companies gain legitimacy in assisting the society’s needs and it also needs each time more, the execution of practices to sustain the environment. One way of demonstrating the company’s commitment, is to change their conventional methods for more responsible ones in order to solve the environmental problems.

The four fundamental elements to contribute with the environmental responsibility are:

To execute preventive methods.

To adopt the same operative regulations at all localities.

To guarantee the handling of supplying chains.

To facilitate the technology transference.

To contribute in order to create an environmental conscience inside the company.

To dialogue with the local community.

To equally share benefits.

**Principle IX**

**To encourage the development and diffusion of technologies inoffensive to the environment.**

To encourage the development and diffusion of technologies inoffensive to the environment is a long range objective for companies and must assist administrative and investigative
functions of the organisation. These technologies inoffensive to the environment are those that “protect the environment, that are less contaminating, and that uses all resources in a more sustainable way, recycle their products and wastes and disposes of residual wastes in a more acceptable way than those technologies they are now substituting. Inoffensive to the environment technologies are not individual, but a set of systems that include training, proceedings, goods, services and equipment as well as organisation and administrative processes.

The effective environmental technologies allow us to reduce the use of finite resources and to use the existing ones in a more efficient way. The storage, treatment and disposing of wastes is productive in financial, environmental and social terms. Since, these technologies generate fewer wastes and residues, the use of inefficient technologies may represent an increment in the company’s operational costs. In contrast, avoiding the environmental impact by preventive contaminants and by the design of ecological products, would increment the company’s efficiency and could also conduct to new enterprise’s opportunities.

The improvement of technologies in a factory can be obtained through for basic principles:

Changing the manufacturing processes or techniques: Carrying out advanced changes that require investigation and development instead of simple modifications.

Changing materials: For example, use less industrialised materials that are less toxic.

Making changes to products: For example, change solvents
Campeche Basin, paradigm of labour exploitation

for water based paintings.

Reusing materials: Separating, treating and recovering useful materials from wastes.

**Principle X**

**Anticorruption**

Companies should work against corruption in all its ways, including extortion and bribery.
Ana Lilia Pérez

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In 2008 she won the National Journalism Award given by the Journalist’s Club of Mexico. In 2009 in Mexico, she received the VII Journalism Award granted by the Federación de Asociaciones de Periodistas Mexicanos (Fapermex) and the Federación Latinoamericana de Periodistas (Felap).