

Mexico Finalizes Significant Changes to Its Labor Justice System

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On February 24, 2017, Mexico's Official Gazette of the Federation (known as the *Diario Oficial de la Federación* or DOF) published a decree that reformed and added several dispositions of Articles 107 and 123 of the Mexican Federal Constitution.

The goal of the reform is to transform the labor justice system in Mexico. The reform aims to consolidate autonomy of the labor justice system, promote efficiency in the administration of justice, and increase labor productivity.

The following highlights some of the most important aspects of the reform:

1. The reform eliminates the local and federal Conciliation and Arbitration Labor Boards (*las Juntas Locales y Federales de Conciliación y Arbitraje*) as tripartite labor justice administration organs and creates local and federal labor courts dependent on the federation's judicial branch or of the power of the states of the Mexican Republic.
2. The reform creates a pre-judicial conciliatory stage. Employees and employers in conflict will be required to attend this stage of the proceedings before the commencement of a labor trial that would be processed before the courts. It is worth noting that this pre-judicial conciliatory stage will take place on a date and time expeditiously appointed by the conciliation centers (see below) in accordance with the applicable law.
3. At the local level, specialized and impartial conciliation centers (*Centros de Conciliación*) will be established in the states of the Mexican Republic. Those centers will be in charge of conducting the compulsory pre-judicial conciliatory stage.
4. The federal order provides for the integration of a decentralized agency (*un Organismo Descentralizado*) which, in addition to conducting the compulsory pre-judicial conciliatory stage described above, will be in charge of: (i) registering all the collective bargaining agreements applicable within the Mexican Republic; (ii) registering all the unionized organizations or labor unions of the country; and (iii) participating in and solving all

administrative labor/collective matters.

5. The following principles will be incorporated in the law: (i) representation of collective union organizations and (ii) certainty in the execution (signature), registration and storage of collective bargaining agreements.
6. The ratification of the collegiate circuit courts as jurisdictional bodies in charge of reviewing and deciding appellate claims filed against resolutions issued by the lower courts.

In order to implement the reform—which, along with its modifications, will be effective on the day after it is published in the DOF—the following must take place to transition to the new justice system:

1. The Mexican Congress and the legislatures of the states of the Mexican Republic must make the necessary changes to local and federal legal bodies within one year of the reform's effective date.
2. Until the courts, conciliation centers, and decentralized agency become operational, the labor boards and, as applicable, the Secretary of the Ministry of Labor and Social Welfare or the local labor authorities will continue to process the conflicts arising between employees and employers, as well as any other issues related to the registration of collective bargaining agreements and unionized organizations.
3. All matters pending at the time the activities of the courts, conciliation centers, and/or decentralized agency begin will be solved in accordance with the legal dispositions in effect at the time of the matter's commencement.
4. The competent authorities and the labor boards must transfer all files and documents under their attention and shelter to the courts, the conciliation centers, and/or the decentralized agency.

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