

**Seasonal Agricultural Workers
Program Mexico - Canada:
*Costs and Benefits***

Luis Manuel Muñoz Carrillo

Advisor: Steve Suranovic



The best way to predict the future it is to create it ourselves.

Peter Drucker

Only one excess it is advisable in the world: the excess of gratitude

Jean de La Bruyere

I want to express my gratitude to the authorities of the Ministry of Labor and Social Welfare for their support to carry out this research, as a sign of their institutional commitment to promote development and professionalization of the Mexican public officials.

I also want to express my personal gratitude to the authorities of the National Employment Service, in particular to Mr. Jaime Domingo Lopez Buitron, to Mr. Alejandro Razo Corona, to Mr. Oscar Ortiz Milan and Mrs. Elisa Soriano Rosas, for their support and confidence by allowing me to compete for the opportunity to participate in the Minerva Program, and in that way, be part of the First Generation of Mexican officials who attend to The George Washington University.

As a remarkable part in this effort in favor of the Mexico's development, is the participation of the BBVA Bancomer Foundation at the financing of the First Mexican Civil Servants Generation in the Minerva Program, understanding that with the professionalization of public servants it is impossible to promote, in a better way, the efficiency, quality and transparency of services, duties and responsibilities of government institutions.

Finally, I want to express my gratitude to Dr. James Ferrer and his team of the Center for Latin American Issues, as well as all the Minerva's Program teachers for their commitment and determination to detonate the Latin American potential, promoting the principles of Ethics, Professionalism and Social Commitment. Understanding that it is not with assistentialism that the people grows, but by providing the necessary tools and opportunities for themselves shape their personal development, and in that way the development of their country

*For my wife Vanessa, who accompanied me on this experience and always encouraged me,
all the time reminding me what's really important in this life.*

*To my brother Tenoch, who always remember with joy
and is at the heart of our family and friends.*

Seasonal Agricultural Workers Program Mexico – Canada (SAWP): Costs and Benefits

Index

Introduction	4
I. Background and characteristics of the SAWP Mexico-Canada	6
a. The Emergency Farms Labor Program Mexico-USA.....	6
b. Background and characteristics of the SAWP Mexico – Canada.....	8
II. Growth and development, current status, challenges and perspectives	19
a. Growing and development.....	19
b. Current status.....	23
c. Challenges and perspectives.....	25
III. SAWP Economic costs and benefits	33
a. Ministry of Labor and Social Welfare.....	34
b. Ministry of Foreign Affairs.....	36
c. Federal Ministry of Public Health.....	38
d. National Migration Institute.....	39
e. Total Investment.....	40
f. Total Benefits.....	42
g. Costs vs. Benefits.....	45
IV. Conclusions	51
References	54

Introduction

Since its inception, the Seasonal Agricultural Workers Program (SAWP) between Mexico and Canada has generated controversy about the legitimacy of using public funds from the Mexican Government for the recruitment, selection and shipment of Mexican farm workers for Canadian agricultural companies.

Such criticisms against the Program have been justified by an informal way due the scarcity of employment and job opportunities in the Mexican agricultural sector, as well the benefits that the Program has provide for more than 208,000 Mexican peasants who have been involved during the last 36 years of SAWP existence.

Despite the criticisms against the SAWP, just in the 2010 season the economic and social benefits that have been generated for Canada and Mexico through this Program are estimated, only in the case of Mexico at \$150,000,000 Canadian Dollars (about \$1,872,000,000 Mexican Pesos), and for Canada the vast majority of the 21.6 billion¹ of Canadian dollar it is estimated the income of the Canadian agricultural sector at the same year.

In this sense, and despite 36 years of existence, the SAWP never has been the subject of a comprehensive assessment that takes into account its real impact and the economic benefit generated. Neither has there been an analysis of the costs and profits for the Mexican Government, taking into account the real cost-benefit for Mexico to investment in physical infrastructure, personnel, technical equipment, and services for recruitment, selection and shipping of workers to Canada. Although the social costs and benefits are very important as well, initially they will not be subjects of this study.

Thus, by identifying the profitability that the SAWP means for Mexico, it will be possible to promote a higher investment by the Mexican Government and to expand the SAWP coverage. Even the possibility of extending the Mexican Government's participation in other labor mobility programs that Canada offers to its trading partners. These opportunities are not limited to the agriculture sector, but in other activities and sectors of the Canadian economy. All of this allows a migrant labor market regulated by the government, and including especially the possibility of extending the benefits of this kind of labor mobility scheme.

¹ Based to the estimate for the 2010 season by Agriculture and Agri-Food Canada. At <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1298587468988&lang=eng>

In the long term, if it is possible to increase the participation of Mexican workers in the Canadian labor market, it will also be possible to have a successful model that works as a foundation to negotiate the establishment of a model of labor mobility between Mexico and the USA, allowing labor mobility between both countries that has the principles of legality, pertinence and circularity, thereby changing the profile of migration flows from Mexico to the USA, transforming illegal labor migration into an orderly, legal and safe labor mobility.

Thus, having mentioned the purpose of the present work, the particular objectives of this study is to determine the economic profits for Mexico investing in the Seasonal Agricultural Workers Program Mexico-Canada (SAWP), identify the economic costs (personnel, infrastructure and services) that the Mexican Government spends in the operation and functioning of the Program, as well as the benefits generated by the remittances and capital flows the workers send to Mexico.

In order to achieve these goals, the first chapter includes a brief review of Mexico's history in such kind of agreements, particularly in *The Emergency Farms Labor Program Mexico – USA* (also called the *Bracero Program*), which was agreed between Mexico and the USA in the past mid-century, and in general terms provide the background for the SAWP.

The second section will provide a general review of the SAWP growth and development based on statistical information related to the number and the workers' profile sent to Canada during the existence of the Program. To carry out this general review about the behavior's program will be analyzed the last 10 years of SAWP operation, allowing identify its current conditions, including challenges that the Program faces.

Finally, the third section reviews the investment that such operating Program costs are spent through the different public institutions of the Mexican Government involved in the SAWP, as well as are reviewed the SAWP workers' income that they reported at their return from Canada. In this way it will be possible to estimate the general total cost of the Program, the cost-benefit per worker, and the economic benefits identification spent by the agricultural workers during their stay in Canada due to taxes and economic expenditure.

I. Background and Characteristics of the SAWP Mexico-Canada

In a world context, dominated by increasing globalization, the free circulation of goods and services has been accompanied by the phenomenon of the international mobility of people. The above not only as part of migration flows of those who are seeking to reside or settle permanently in a country or different region of their origin nationality (Migration in the wider sense), but also as a part of *geographic labor mobility*,² understood as the availability of a worker to move or change his residence from one country to another, usually temporarily.

The phenomenon of labor mobility has increased significantly late last century, as a form of movement of human resources and / or labor force worldwide, characterized for being required particularly in economic sectors with labor needs of specialized workers (mainly in activities related to medical sciences and engineering), and / or a higher labor demand for low skilled workers in sectors such agriculture.

The labor market of unskilled or low skilled workers, as has been seen from the perspective of the countries of origin, is characterized by: a) a demographic composition with a very strong presence of young people who have already enter into the Economically Active Population sector; b) Excess of labor supply in low-skilled sectors; c) Low levels of labor productivity and low wage levels; and d) High level of workers rotation and high occupancy rates in the informal sector of the economy.

This phenomenon, viewed from the perspective of the destination countries, has been characterized by a labor demand: I) Workforce shortage in certain sectors; II) Aging population and difficulties in replacing the new working population; III) Accelerated technological changes and specialization in certain areas, and IV) Higher educational levels of the native population that demand higher-skilled positions.

a. The Emergency Farms Labor Program Mexico-USA

Particularly in the case of Mexico, the agreement with the USA to establish in 1942 the *Labor Farms Emergency Program* (also known as the *Mexican Farm Labor Program*, and in general terms also well known as the *Bracero Program*), was the first bilateral agreement of this kind and magnitude in order to regulate the workers labor mobility in the agricultural sector between the two countries.³

² For purposes of this study does not refer to the concept of Functional Job Mobility, defined as the availability of the workers to change jobs within the same business, farm or institution.

³ "In August 1942, both governments signed the first 'braceros agreement', which runs until 1946. Subsequently, similar agreements were signed over 22 years (although the braceros worked as such until

According to specialists of the subject, although before the year 1942 the Mexican farm workers were already involved in the agricultural labor market in the USA (as well as in other low-skilled sectors), was due to the entry of that country in the Second World War. The subsequent labor shortages caused the urgent necessity to replace the U.S. work force with workers of other nationalities.⁴

Thus, at the request of the US government, a legal and orderly program was established, allowing the farmers of U.S. to have enough agricultural labor force to attend the needs of the war period, mainly in the states of Texas, California, New Mexico, Arizona and Arkansas. Nevertheless, at the end of the armed conflict, and due the return of the American workforce, the working conditions and treatment of the Mexican workers gradually deteriorated.⁵

During the U.S. involvement in the Korean War in 1951, the need of Mexican agricultural labor was reactivated in the U.S., allowing it to be extended for 13 additional years. However the Mexican labor conditions were still declining, to the point that trade unions and human rights groups were claiming abuse and mistreatment against the Mexican workers, resulting in the cancellation of the Program in 1964.⁶

Also due to the abuses against Mexican agricultural workers, other important reasons should be cited for the cancellation of the Program, which called the attention of American trade unions to eliminate the Program. Those organizations considered the Program as labor competition that altered the internal labor market of the U.S. This added to the "illegal" flow of agricultural workers, caused a state of competition in the labor market based on cost reduction, basically resulting in lower wages, bad

1966). The labor agreement was agreed favorable for Mexican workers, but in practice was not complied and were given all kinds of abuse ... " In Ramírez Cuevas, Jesús. "Con ex braceros hay una deuda nacional". *Masiosare* Supplement, newspaper *La Jornada*, Sept 14 of 2003. Mexico. (own translation)

⁴ *Los Programas de los Trabajadores Huéspedes: Las visas H2 en Estados Unidos*. Paz Trigueros Legarreta. Papeles de Población, Universidad Autónoma del Estado de México, Enero-Marzo de 2008. Number 55, Mexico. Pp. 117-144.

⁵ *Ibidem*. Pp. 120.

⁶ "With the Bracero Program was hired in the United States 4 million 646 thousand 199 Mexican braceros (Calavita, Kitty. *Incide the State. The Bracero Program, immigration, and the INS*. New York, Routledge, 1992). Taking into account that some peasants were engaged at various times, the Special legislative Committee for ex-braceros, estimated that involved half a million Mexicans workers. But as civil organizations that championing their cause say they were more than 2 million. There being no official statistics this is an issue at debate. At Ramírez Cuevas, Jesús. Op Cit. (own translation)

working conditions and disadvantages for the Mexican workers in the farm where they were working.⁷

Finally, although the issue of “no returning-mobility” of the Program (in other words no-returning back of the Mexican workers to Mexico), was always present in the discussion as one of the U.S. government’s reasons to justify its cancellation, different studies over the subject of migration between Mexico and the United States agreed that this reason wasn’t the main one, leading to the end of the Program.⁸ In fact, studies, both among documented and undocumented workers, showed a major preference for temporary migration. Indeed, in 36 years of the Seasonal Agricultural Worker Program Mexico - Canada (SAWP) has demonstrates the permanent return of the workers to Mexico by almost 100 per cent of participants, but also by far the effective issue of the workers’ circularity it is one of the most notable successes that have given permanence to SAWP.⁹

b. Background and characteristics of the SAWP Mexico - Canada

General Background

After the experience with the Bracero Program, the Mexican Government sought new options for international labor mobility. Therefore in 1974 Mexico and Canada signed a Memorandum of Understanding, where Mexico joined the Seasonal Agricultural Workers Program (SAWP), or PTAT by its Spanish acronym. At that time Canada already had the same Program since 1966 with Jamaica, and later with Trinidad and Tobago, Barbados and also with the Organization of Eastern Caribbean States countries (comprising Granada, Antigua, Dominica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, and Montserrat).

As in the earlier case of the U.S., at that time the Canadian labor market required a large agricultural labor force. Nevertheless the origin of this need was completely different than that of the United States, because in the case of the Canadian agricultural industry, those jobs were not considered profitable by Canadian workers "... because low wages, hard physical activities, also because of its seasonal nature."¹⁰

⁷ *El Programa Bracero (1942-1964). Un balance crítico.* In *Migración y Desarrollo*, segundo semestre, número 09. At Red Internacional de Migración y Desarrollo. Mexico. Pp. 27-43.

⁸ Martin, Philip and Michael S. Teitelbaum. *El espejismo de los trabajadores huéspedes mexicanos.* At *Foreign Affairs*, Vol. II, # 1, Spring of 2002, ITAM.

⁹ For more information about the topic of mobility of Mexican migrants in the United States consult *The Mexican Migration Project (MMP)*, in <http://mmp.opr.princeton.edu>

¹⁰ Carvajal Gutiérrez, Lidia y Carlos Elizalde Sánchez *Trabajadores agrícolas mexicanos en Canadá ante la nueva política migratoria.* At *Revista Economía Actual*, Universidad Autónoma del Estado de México, October-December 2009.

In the case of Mexico, unlike the Bracero Program and the current conditions of existing irregular migration in the United States, the SAWP case was characterized from the beginning to maintain a regulated functioning by the Mexican and Canadian governments. This ensure the legality, suitable work conditions and worthy treatment of the Mexican agricultural workers, as well as the profile, experience and value of them for the Canadian employers.¹¹

Basic Principles

Unlike the Bracero Program, the SAWP was designed from a scheme that would prevent the imbalance in the Canadian and Mexican labor market, focused in the functionality and operation of the Program in the *Labor Pertinence of the agricultural workforce*. Meaning by Labor Pertinence:

- The pertinence of the agricultural workforce according to the *demand* of the Canadian employers, because the workers are sent to a job offer only when it was verified by both governments.
- The pertinence of the workers according to their experience in agricultural activities, in order to ensure both efficiency and functionality of them in the assigned activities by the employer.
- The pertinence for Mexico in terms of the mobility of agricultural workers sent to Canada, to avoid imbalances and lack of human capital for the country, based mainly on the implementation of recruitment and selection standards that ensure correct employment and educational profile of the dispatched workers.

Having as a central point this concept of *Labor Pertinence*, and taking into consideration Mexico's experience with the Bracero Program, the agreement with Canada could be strengthened. In this way, while the Memorandum of Understanding established the basic agreement between the two governments, the Rules of Operation in conjunction with the Operational Criteria were adapted over time. Unlike the Bracero Program, the SAWP has strengthened its operational capacity and control, as is shown in the following points.

¹¹ With the aim of supervise the Program, both governments meet annually to evaluate its functioning. Initially, Mexico and Canada ratified the Memorandum every 5 years; however, from the 1995 meeting both countries decided that the ratification would be automatic, unless one part decides otherwise.

General Compromises and Obligations

In general terms, the Memorandum of Understanding between the two governments established the following basic commitments:¹²

- **Mexico is committed to:**
 - Receive requests workers from Canadian employers,
 - Recruit and select agricultural workers,
 - Apply medical examination's to the workers,
 - Document and send them to Canada.

- **Canada is committed to:**
 - To request workers,
 - To give the selected workers their temporary work permit,
 - Ensure fair payment and worthy treatment, as is agreed with locals,
 - Ensure that workers receive adequate accommodation.
 - To provide suitable working conditions on the farms.

The Worker's Duties

According to the Labor Contract, which is regulated by the Memorandum of Understanding and the Program Guidelines, the general obligations and commitments of the workers are:¹³

- Comply fully with their contract.
- Work and live in the place of the job.
- Do not work for any another person, without the approval of the corresponding Canadian authorities and the Mexican Consulate.
- To carry out the agricultural working assignments (in a careful way).
- Follow the safety regulations, housing and behavior whether in the farm and the Program.
- Do not drink alcohol and consume illegal substances at the farm.
- Do not provoke or be involved in brawls, fights or threats with farm co-workers.
- Do not drive without a driver license or while drunk.
- Do not introduce people off-farm housing where the workers are.

¹² From of Memorandum of Understanding between the Government of Mexico and the Government of Canada, Concerning to the Mexican Agricultural Workers Program. Signed in Ottawa on April 27, 1995. The Ministry of Labor and Social Welfare, the General Coordination of National Employment Service.

¹³ The basic requirements that a worker must meet to enter in the Program are: I) To live in rural area, ii) To have experience in agriculture, iii) Beekeepers must prove at least five years experience; IV) preferably have between 22 to 40 years of age; V) preferably married men with children and / or dependents; VI) Women preferably single mothers and / or with dependents; VII) In some cases approved skills test.

- To live in the farm, house or room that the employer has designated for the workers.
- Report accidents, emergency situations or problems with the Mexican Consulate.
- Keep records of payments and comply with the fiscal obligations.
- Keep medical records, examinations and expenses tickets for medical attention or medical care.
- Comply the term or period of work contract.
- Return to Mexico once his job period has ended.

The Employer's Duties

The employer's duties and commitments are:

- Compliance with the work contract.
- Payment of wages on time.
- Provide a minimum of 240 hours spread over a period of six weeks or less, no more than eight months.
- Minimum average of weekly working hours for 40 hours.
- To inform the Mexican Government at less 48 hours after any injury suffered by a worker that requires medical attention.
- Provide suitable and free accommodation, as well as kitchen utensils and food preparation facilities, free of charge.
- To allow 30 minutes for lunch time.
- To provide necessary working gear free of any cost.
- Provide to the workers at least two periods of rest for ten minutes during the day, one in the morning and the other in the afternoon. Those breaks can be taken by the workers, but the employer hasn't the obligation to pay them.
- Pay the minimum hourly wage, depending of the Province where they are assigned.
- Pay a recognition bonus of \$4.00 dollars per week to a maximum of \$128.00 to the workers having completed 5 consecutive years or more working with the same employer.
- Provide to workers handling chemicals and/or pesticides protective clothing without any cost, as well as to provide suitable training for handling such materials.

The Workers' Rights

The Contract of Work establishes the following general rights for the Mexican workers:

- To receive the minimum wage according to the Province.
- Do not be subject to a discount higher than \$700 Canadian dollars for transportation, accommodation, visa and work permit.
- To be provided Life insurance through the Royal Bank of Canada (RBC).
- To be provided Medical coverage for accidents occurring outside the workplace (RBC).
- To be provided Health insurance, disability by accident or occupational illness by the Work Safe Canada.
- To be given a Retirement plan or retirement fund (The Canada Pension Plan).
- To receive Social security under the category of parental benefits (The Employment Insurance).
- To receive refunds or a refund for taxes concept (Income Tax) to those who have accredited the regulations.
- To receive a day off for every 6 working days.
- To receive free accommodation in appropriate and suitable conditions (reviewed by the Ministry of Health of Canada).

The Employers' Rights

The employer's part establishes the following general rights:

- A trial period of fourteen days in order to determine the efficiency, knowledge and workers skills.
- Deduction in the employee's salary due loans provided in advance.
- To recover the non-occupational health insurance cost at \$0.48 by day per worker.
- In case of meals provided to the employee, it has to be deducted without exceeding \$6.50 per day.
- Deduct to the employee the associated costs of air transportation (until \$550 Canadian dollars) also the visa and work permit paperwork (until \$150 Canadian dollars).
- To finish the job contract at the end of the probationary period due breach of contract, the worker's refusing to work, or for any other reason justified.
- In case of a worker early repatriation within the trial period:

- If the worker was selected by the Government of Mexico and fulfilled 50% or more of her/his contract period, the repatriation total cost is a workers responsibility.
- If the worker was selected by the Government of Mexico and served less than 50% of his/her contract period, the round-trip total cost is a worker responsibility and / or for the Mexican Government.
- In case of early worker repatriation due to preexisting physical or medical problems, the Government of Mexico it is responsible for paying the full cost of repatriation.¹⁴

General Characteristics of the SAWP

Due to all of this, and in contrast of the Bracero Program, the participation of both governments in the operational and monitoring process has ensured a *legal, orderly and safe labor mobility*, that also ensure the *circularity* of workers based on the following general characteristics, which has brought with it the success and permanence of the Program:¹⁵

¹⁴ From the *Contract Work for Mexican Seasonal Agricultural Workers in Canada, 2010 season*. Ministry of Labour and Social Welfare.

¹⁵ According to the Manual of Procedure of the Program by the Mexican institutions that participate in the SAWP are: **I) Ministry of Labour and Social Welfare** (the Undersecretary of Training, Productivity and Employment, through the General Coordination of National Employment Service and the State Employment Services, is responsible for recruiting, selecting, documenting and monitoring the workers in Mexico). **II) Ministry of Foreign Affairs** (General Department of Protection and Consular Affairs through its Division and Subdivision of area as well as the liaison office in the Mexico City International Airport is responsible for the documentation of workers at the airlines. In the same way in Canada the Consulates of Mexico carried administrative functions which make it possible the link between the STPS, private agencies that represent employers, the workers and employers themselves. Also the consulates of Mexico in Toronto, Montreal, Vancouver and the Consular Office of Leamington carried out management tasks in favor of the worker with Canadian public and private institutions). **III) Ministry of Health** (together with STPS and the Canadian Embassy in Mexico City the Ministry of Health determine the way in which approves clinical assessment certificate of the workers. **IV) National Migration Institute - Ministry of Interior** (involved in the process of documentation of the workers in coordination with the Foreign Ministry organizes workers at the International Airport of Mexico City (AICM) prior to flight departure to Canada). By Canada the institutions participating in the Program are: **I) Human Resources and Skills Development Canada (HRSDC)** (through its Office of Foreign Workers Program is responsible for the administrative policy in the framework of the bilateral relationship and as the Inter-agency coordination and Canadian interprovincial). **II) Service Canada** (HRSDC a decentralized Organ, implements the policies adopted by the agreements by foreign governments in matters of recruitment. Interlocutor of the representatives of foreign governments in each of the participating provinces). **III) Canada Embassy in Mexico** (It is up to issue the Visa and Letter of Acceptance in order that the

- I. Management of labor mobility flows from an intergovernmental model, government to government administered, allowing the articulation of the state and federal efforts of both countries.
- II. Labor mobility anchored in the needs of the labor market in the origin and destination countries, in order to avoid imbalances and create complementary labor markets.
- III. Labor pertinence of workers for both employers and government, in order to ensure efficiency, circularity, and the return of the workers to Mexico.
- IV. National treatment for the SAWP workers, having the same rights and obligations as Canadian workers in the same position.
- V. Orderly migration flows with security labor rights and working conditions.
- VI. Portability of social benefits for the workers (antiquity, rights, etc...), due the workers contribution to the health care system and Canadian Pension Plan, which ensures medical care, pensions and other benefits (which includes compensation for accidents and occupational illnesses).
- VII. Creation of an integrated regional labor market, which promotes the development of human capital, training and transfer of work knowledge.

Permanent Improvements of SAWP

Like the Labor Farms Emergency Program with the USA, along its existence both Mexico and Canada civil society organizations have criticized the SAWP, mainly because working conditions and abuses that some workers could face. In the same way, the Canadian farmers and their organizations have manifested claims against some workers, resulting from their behavior and work performance.

Such situation has promoted a constant effort of the parties involved in the Program to implement a wide range of operational tools, which currently has allowed a very efficient ability of control for both governments. Although, the SAWP still has opportunity areas, in general nowadays has instruments that ensure:

Immigration office in the port of entry issuing the work permits). IV) Canada Border Services - Canada Immigration (Its area of responsibility concerns the admission of the workers in Canada as a result their participation in the Program). **V) Canadian civil organizations associated with the movement of workers:** Foreign Agricultural Resource Manager Services (FARMS) in the provinces of Ontario, Manitoba and Nova Scotia, and its equivalent in Quebec, New Brunswick and Prince Edward Island (FERME by its initials in French). Both organizations are supported by fees from farmers who request foreign workers and were established as operational support in order to expedite the processing of documents and concentration of database to facilitate the movement of workers.

- I. Mutual assessment of the workers performance and labor conditions treatment offered by the employer;
- II. Support mechanisms for the workers during their stay in Canada, as well as conflict resolution between employers and employees; and,
- III. Administrative efficiency and management at the requesting processes, paperwork, sending and workers return.

Assessment Mechanisms

One of the key elements for the efficient functioning of SAWP is its ability to assess the working conditions and the treatment provided by employers. That is why since the beginning of the Program in the process of documentation paperwork a Report of Return was integrated that each worker must fill out after they return from Canada. Over time this Report of Return has been developed, and nowadays in addition to providing information about their income, it also allows obtaining detailed information related to:¹⁷

- Working conditions
- Accomodation
- Transportation,
- Payments,
- Worthy treatment and additional support.

Also, through the Return Report the workers have chance to make complaints or reports against a farm or their own co-workers. Also, as a part of such continuous process of improvement, the Report of Return has been strengthened during the 2009 season, allowing for the first time in 2010 to have a systematic evaluation to measure and compare the working conditions in each participating farm.¹⁸

This evaluation system showed that, according to the workers evaluations, 85% of farmers (1,265 farms) were considered good employers, while 13% (195 farms) were evaluated as regular, and only 2% (30 farms) received lower score. These results on the overall levels of qualification granted by the workers to their employers have a very acceptable range.¹⁹

¹⁷ *Estadísticas y Mejoras del PTAT, Temporada 2010*. Internal Report of the General Coordination of National Employment Service. Ministry of Labor and Social Welfare.

¹⁸ It should be noted that the Evaluation System is confidential and only identified in numerical terms the evaluations that each worker does to his employer, not doing a direct connection with his assessment.

¹⁹ From the results of the *Evaluation System of the Workers*, with regard to the 2010 season. Ministry of Labour and Social Welfare, General Coordination of National Employment Service.

As is normal in a structure involving 1,488 farms, only in 2010, the monitoring capacity of both governments is limited. However, through this new evaluation system is possible to channel properly the human and material resources, making the review process of those farms more efficient with a higher complaints number and lowest evaluation in the assessment that the workers make. These results not only focus the efforts of both governments, also gives the opportunity for employers themselves to have a reference about their opportunity areas.

In the same way, after the 2010 season the employers have a similar evaluation tool, which allowed them to assess different aspects of the workers performance:

- Knowledge, skills and quality of work,
- Teamwork and communication skills,
- Coexistence and relationship with their co-workers.

An operational usefulness example of this evaluation system is the fact that the employers qualified 84% (13,280 workers) of Mexican workers in the category of excellent or good. While of the remaining 16% the farmers estimated that 12% (1,897 workers) were working with regular job performance, and only 4% (632 workers) were evaluated in a low yield. According to these results and the review of workers records it is possible to ensure a higher and more accurate work, not only according to the requested profile by the employer, but also taking into account the experience, labor stability and the employee's behavior.²⁰

Through this evaluation system the employers can also maintain a close communication with the Mexican government, as the Employer's Evaluation System enables:

- Update online the job profile description request, including kind of crop and the job skills required by employers.
- To know the progress of all the workers requested and status that the procedures keep for medical examination, visa, work permit, documentation and flight assignment.

This not only means greater efficiency of handling and processing of immigration documents and health of workers, but also more efficiency in flight scheduling and dispatch of workers, which ultimately is translated into savings for both employers and workers.

²⁰ From the results of the *Evaluation System of the Employer* respect to the 2010 season. Ministry of Labor and Social Welfare, General Coordination of National Employment Service.

Supporting Instruments

Another central aspect in the operational functioning of the Program is the additional support provided to the workers, which helps to maintain a constant monitoring that allows the resolution of conflicts, among a wide range of different kind of support services that the workers receive. The following aspects can be emphasized as much for their real impact in financial resources for the Mexican Government:²¹

- **Free advisory service and attention of the workers in Canada through the Call Center (1 877 496 2003).** Which main aims is to support the workers during their staying in Canada about: workers and employers rights and obligations; flight return to Mexico; early return and/or repatriation; inside and outside farm work accidents; medical coverage; discounts, pension and parental benefits; as well complaints, advice and consular support among other things. This in operational terms favors the reduction of premature returns, breach of contract, disputes and misunderstandings between worker and employer, as well as abuses and unjustified charges, among others.
- **Free advice service and attention of workers in Mexico through Call Center (01 800 8412 020).** Which aims is to support the workers during the different steps they must carry out, in order to be assigned to a work contract in Canada, avoiding traveling expenses and streaming times of attention of the workers.
- **Order Notification Service through Call Center.** Which has the main purpose of informing the workers by phone when they have received an order of work or contract assignment. Mainly with the objective to ensure those workers will be informed about such requirement, as well as they will have enough time to carry out the different procedures which are required to go to work to Canada. In this way, that service seeks to ensure the workers comply with all their contract assignments, in order to be sure that the vast majority of nominal workers requested arrive to their working farm, avoiding the last-minute replacement due to the lack of any process or document.

Administrative and Management Efficiency

Another essential feature of SAWP is the ability of its administrative adjustment, which has enabled a constant improvement in the different processes that integrate the Program, among which are highlight the following:²²

²¹ *Estadísticas y Mejoras del PTAT, Temporada 2010.* Ob. Cit.

²² *Ibidem.*

- **Decentralization of about 70% of the total activities of the NES to the different states.** Since 2009 the state offices conducted most of the documentation process, report of return, medical exam and visa application, preventing waste of time and unnecessary expenses for the workers, carry out such procedures in their home state.²³
- **Debugging and labor pertinence of workers.** Thanks to the evaluation systems it is possible to apply a pre-selection process of workers, ensuring a contract assignment according to their experience and record, as well as a better allocation of employers, increasing substantially the competitiveness of Mexican workers.
- **Developing of efficiency indicators.** These were created between 2008 and 2010, with the main objectives of: I) Improving and reinforcing the processes of pre-documentation, documentation, visa and work permit; II) Decreasing the processing times and the economic costs for workers.
- **Implementation of a new medical assessment test to the workers.** Which allows knowing in a better way aspects of the worker medical condition about skeletal muscle issues, infectious and contagious diseases, cardio-respiratory conditions, dermatology and visual problems, among others. Reducing the number of workers that could present pre-existing diseases, and in this way to increase the competitiveness of the Mexican workers. By consequence decreasing the early returns rates, breaking of contracts, dropping out from the farm and repatriations due to problems of bad performance. At the end this also prevents possible cancellation and/or reduction in the number of requested workers.²⁴

The sum of all these elements outline the SAWP's profile as a Program based on: I) A labor market with a structural need of qualified agricultural labor force (and not conjuncture as the Bracero Program case); II) A high level of participation of the governments; III) A constant improvement of operational processes, according to the demand and conditions of the labor market.

²³ This process began in 2004, but was until 2009 that was consolidated with the implementation of performance indicators that evaluate the documents produced by state offices.

²⁴ Before the implementation of this new examination was conducted a general medical check of the workers, which was mainly designed to detect infectious-contagious risk, rather than functional aspects of the health and physical condition of the workers.

II. Growth and development, current status, challenges and perspectives

a. Growth and development

While initially the demand for foreign workers was focused in the Province of Ontario, due to the efficiency and quality of Mexican workers the demand of the agricultural labor force of the SAWP increase substantially. That's way nine of the ten Canadian provinces gradually were integrated into the Program (Ontario and Quebec since 1974; Alberta and Manitoba in 1992; Prince Edward Island and New Brunswick in 2001; Saskatchewan in 2003; and Nova Scotia and British Columbia in 2004). Currently, only the Northern Territory (Yukon, Northwest Territories and Nunavut) as well as the province of Newfoundland and Labrador don't participate in the Program.

With the introduction of greenhouse technology in the mid-eighties the type and timing of crops were extended. This substantially increased the demand for foreign workers in the Canadian agricultural sector, and by consequence the number of Mexican workers. For Mexico this resulted in a higher amount of workers requested, having an annual average growth of 16% from 1974 to 1984, and an average growth of 51% between 1985 and 1990 (Table I), particularly in the area of Leamington, Ontario.²⁵

This trend was strengthened by the integration of British Columbia in 2004, a year which showed a significant percentage growth of workers. This is why between 2005 and 2008 the number of workers increased by an average of 10 %. During those years the number of real workers sent was the biggest in the Program history, with an annual average increase of 1,285 workers more per year.

Since the beginning of the Program, Ontario has always been the one with the highest number of Mexican workers (51%), but British Columbia (19%) has been keeping a steady growth since its incorporation into the Program in 2004. In fact, in 2010, British Columbia nearly took second place among the other Provinces, nearly leaving behind the province of Quebec (20%). (See Chart III).

As can be seen in Figure II, excluding the first 10 years of existence, the SAWP Program has a cyclic growth of 5 years for every 4 of relative stagnation. However, such growth has maintained a steady tendency, passing from 203 workers shipped in 1974 to 15,809 in 2010, with the highest number of workers, 15,849, sent in 2008.

²⁵ Based on statistical data obtained from the Sistema de Información de Movilidad Laboral (SIMOL), regarding to the number of workers sent by the SAWP to Canada in 2010. Ministry of Labour and Social Welfare, General Coordination of National Employment Service.

Table I
Sent Workers and Growing
Average Among 1974-2010

Year	# of Workers Sent	% Growth Over the Previous Year	% Average of Growth	Average of Increase in Workers Sent
1974	203	0	16	47
1975	402	98		
1976	533	33		
1977	495	-7		
1978	543	10		
1979	553	2		
1980	678	23		
1981	655	-3		
1982	696	6		
1983	615	-12		
1984	672	9		
1985	834	24	51	745
1986	1,007	21		
1987	1,538	53		
1988	2,623	71		
1989	4,414	68		
1990	5,143	17		
1991	5,148	0.10	-1	-51
1992	4,778	-7		
1993	4,866	2		
1994	4,910	1		
1995	4,886	-0.49		
1996	5,211	7	14	941
1997	5,647	8		
1998	6,486	15		
1999	7,574	17		
2000	9,175	21		
2001	10,529	15		
2002	10,681	1	1	60
2003	10,595	-1		
2004	10,708	1		
2005	11,720	9	10	1,285
2006	12,868	10		
2007	14,288	11		
2008	15,849	11		
2009	15,352	-3		
2010	15,809	3		
Total	192,875	14	13	430

Figure I
Number of Workers Send per
Season Among 1974-2010

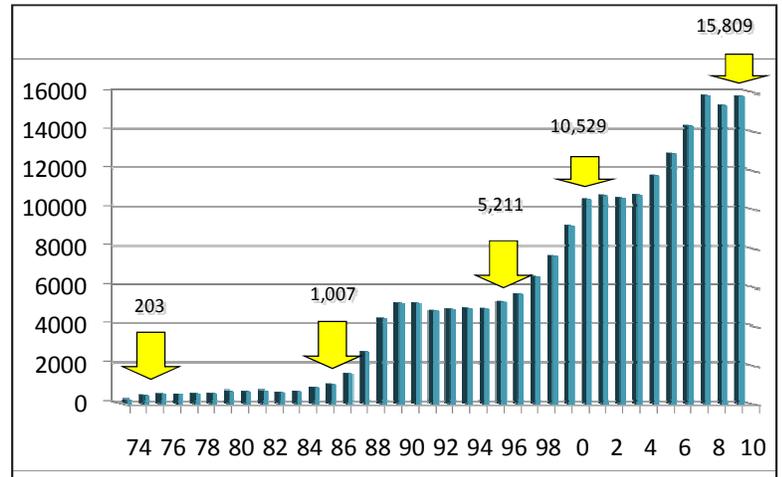
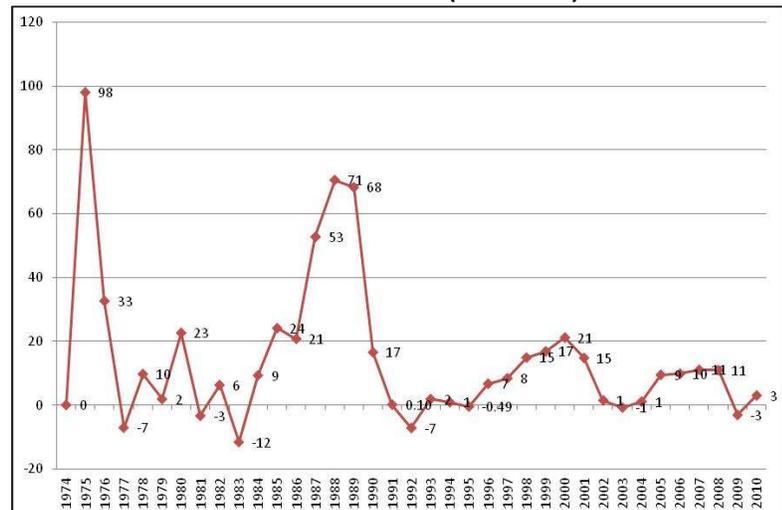


Figure II
Percentage Growing Respect
the Previous Season (1974-2010)



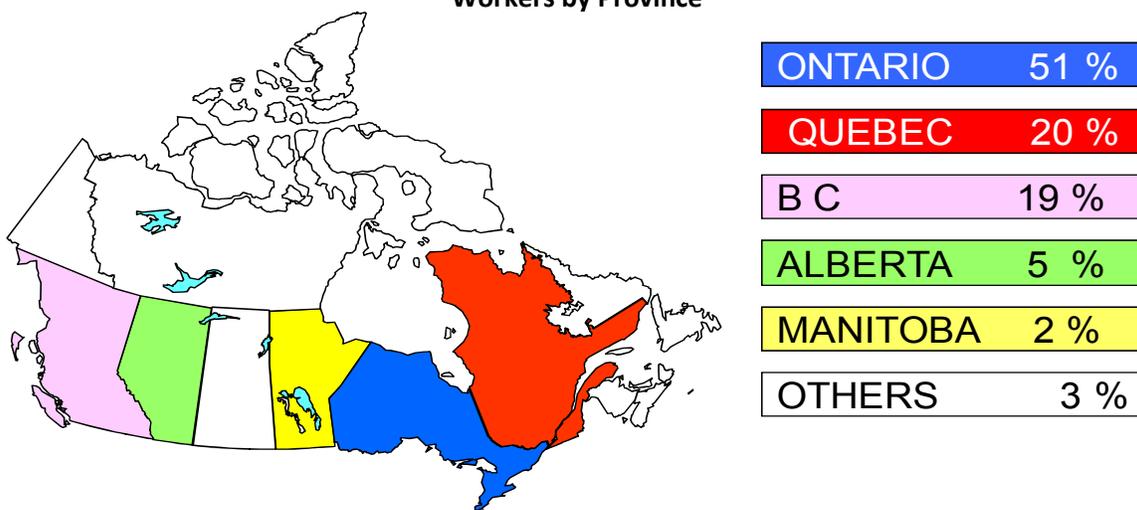
Source: From statistics on the number of workers dispatched by the SAWP to Canada between 1974 and 2010. Ministry of Labor and Social Welfare, General Coordination of National Employment Service.

An important factor that explains both Program success and the efficiency and quality of the Mexican farm workers, is that most of the workers have 5 to 10 years of permanency in the same farm or under the same employer.²⁶ In this sense, it is not surprising that of the total workers sent in 2010, 79% of them are *Nominal* (requested year by year by the same employer), while the remaining 21% are workers of *Reserve of Selection* (workers without fixed employer, in search of their nominal status).

A fact that reflects the quality of workers and their job stability, in addition to the circularity of the Program, is that 75% of them have between 6 and more than 10 years of participation in the SAWP, whereas the other 25% have between 0 and 3 years (see Figure IV).

Finally, when reviewing the SAWP integration according to the age of the workers, it can be highlighted that 76% are between 26 and 45 years old, showing clearly the productive life of the Program. The remaining 4% of workers are between 18 and 25 years, and only 20% are between 46 and over 60 years old (see Figure VI).

Figure III
Percentage of Participation of
Workers by Province

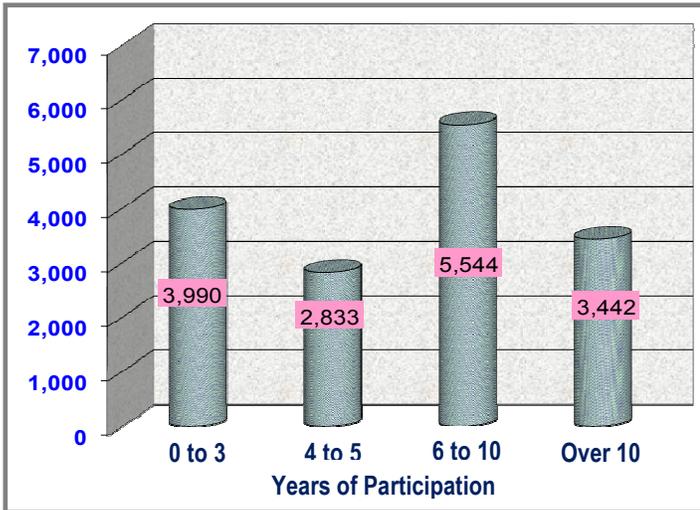


Source: From *Estadísticas y Mejoras PTAT 2007-2010*. Internal Report of the General Coordination of National Employment Service, Ministry of Labour and Social Welfare.

²⁶ Ibidem.

Figure IV

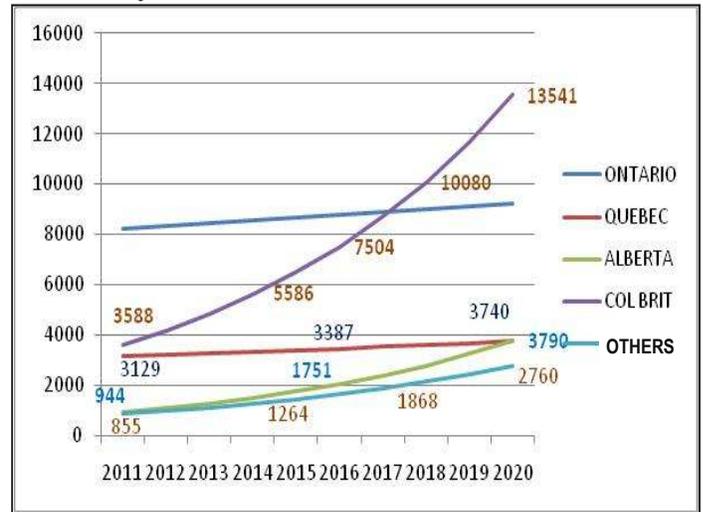
Workers Permanence in the SAWP



Source: From *Estadísticas y Mejoras PTAT 2007-2010*. Internal Report of the General Coordination of National Employment Service, Ministry of Labour and Social Welfare.

Figure V

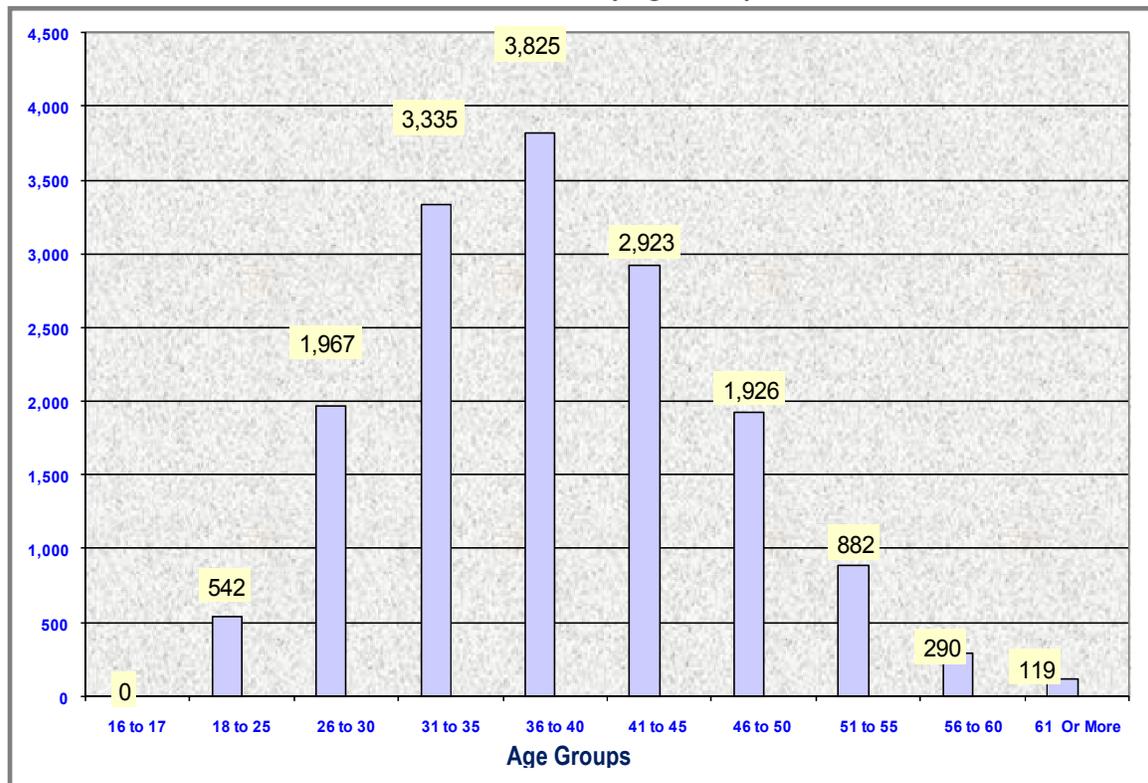
Projection of the SAWP-Mexico 2011 - 2020



Source: From the number of the workers sent by the SAWP to Canada between 1974 and 2010. Ministry of Labour and Social Welfare, General Coordination of National Employment Service.

Figure VI

Sent Workers by Age Group



Source: From *Estadísticas y Mejoras PTAT 2007-2010*. Internal Report of the General Coordination of National Employment Service, Ministry of Labour and Social Welfare.

b. Current status

As can be seen in the previous section, the SAWP development has been characterized by steady growth, despite periods of relative stagnation. Overall it has been increasing positively, reflected not only in the number of workers, but also in the acceptance that the employers have for the Mexican workers. This can be seen through job stability and the majority of workers' status as Nominal employees.

According to the provided data by Human Resources and Social Development Canada (HRSDC), in 2009 the Seasonal Agricultural Workers Program (including Mexico and the Caribbean countries) represented a total labor market of 26,882 job positions. Of these, Mexico covered 17,434 (65%), while the remaining 9,948 (35%) were covered by the Caribbean countries.²⁷

According to this data over the past 5 years Mexico has been fluctuating between 61 and 65% of the total labor market, becoming the major provider of agricultural workforce for Canada (Figure VII).

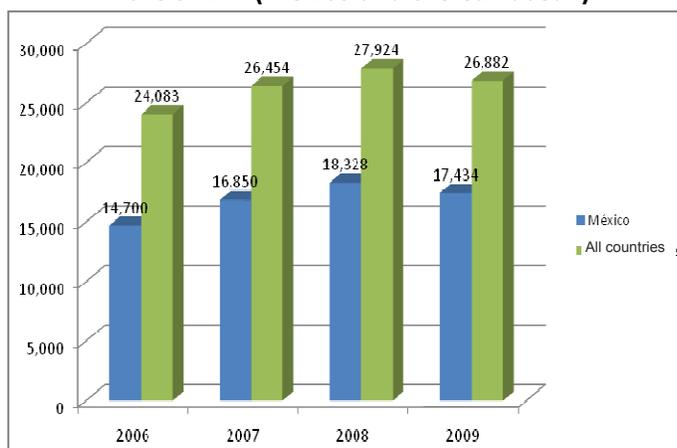
Despite the above facts, with a careful review of the statistical behavior of the SAWP, it is evident that some results are raising new challenges for the participating institutions. As evidenced in Figure II, it is possible to see a downward trend in the Program, although the growth in terms of the number of workers is relatively constant. In this way it also highlights a decreasing trend in the annual growth rate (Figure II), which is a normal trend while the Program grows, though is emphasized significantly in some provinces (particularly in Quebec).

Taking the last 10 years of the Program it is possible to make a projection about this condition. This projection shows that the SAWP has a steady moderate growth (excluding British Columbia). This relative stagnation is particularly evident in Ontario and Quebec (which have the largest number of workers requested). During the last 4 years, those provinces have grown on average less than 100 and 40 workers (respectively) per year, i.e. an approximate average of 1% of the total number of Mexican workers were sent to these provinces.

²⁷ The difference between the 15,352 workers reported for the MLSW and the 17,434 referred by HRSDC is explained because the MLSW of Mexico counts the number of workers shipped, while Canada HRSDC records the number of spaces allowed to Mexican workers. The difference of 2,082 spaces is the sum of workers that had a double contract of labor, either on their return to Mexico (ie that concluded their contract period and returned to Mexico and then were called back by their employer to comply with a new period of work), or else at the end of their first contract of labor were transferred to a new farm to cover a new labor contract. This practice is known as "transfer" and is regulated by the Employment Contract. Through this practice the workers (particularly those with short-term contracts) have the opportunity to supplement their income, while the Employers avoid some of the expense for the air ticket, since the workers are still in Canada.

Such situations can be explained in part if it is considered the growing cycles of the Program, which on average has five years of growth and a period of four years of relative stagnation (the last one began in 2009). However, it is also possible to explain this behavior due to the birth of a new model of labor mobility that the Canadian Government has begun to implement. That is to say, in a figurative way, that *"to the Canadian Labor Market Cake in the agricultural sector (where only Mexico and the Caribbean countries are involved) has added a second floor option, called the Low Skilled Workers Program"*.

Figure VII
Authorized Hiring Job Positions of Workers
in the SAWP (Mexico and the Caribbean)



Source: From statistical data about the number of spaces allowed for Mexican labor, provided for Human Resources and Skills Development Canada.

Hired Workers Through the SAWP in Ontario

Year	Mexico	%	Caribbean	%
2006	7,806	50.1	7,770	49.9
2007	8,211	52.2	7,507	47.8
2008	8,475	53.9	7,247	46.1

Source: From statistical data about the number of work spaces authorized to Mexican and the Caribbean, provided for Human Resources and Skills Development Canada.

Hired Workers Through the SAWP in Quebec

Year	Mexico	Guatemala	Caribbean
2005	3,002	668	126
2006	3,033	1,208	158
2007	3,037	1,905	165
2008	3,130	2,513	143
2009	3,035	3,572	178

Source: From statistical data about the number of workers sent for the SAWP to Canada between 1974 and 2010 (STPS), and statistics about the number of work spaces authorized for Mexican, Caribbean and Guatemalans, provided for Human Resources and Skills Development Canada.

c. Challenges and perspectives

The Low Skilled Workers Program (LSWP)

As it has been possible to observe in previous sections, the SAWP growth has been positive and constant for the involved countries. However, from another point of view, under this model the Canadian labor market it was subject to a relative dependence from the agricultural labor force of the source countries that integrated the agreement. That's why after nearly 30 years of existence of the Program as the only scheme of labor mobility in the agricultural sector, Canada started in July 2002 the implementation of a new model, called the Low Skilled Workers Program (LSWP), also known as the Low-Skilled Foreign Workers Program (LSFWP), or the Low Skilled Pilot Program (LSPP).

This new program is characterized by the absence of a direct Canadian government involvement in the agreements between the employer and the workers. Its main objectives are:

- I) To recruit foreign workers of any country of the world to cover job positions considered as "low-skilled;
- II) To assist the Canadian companies in order to address their work needs;
- III) To provide a new alternative of employment in sectors different than the Agricultural.²⁸

Among the main requirements for any employer to hire workers through the LSWP are:

- I) To provide wages equivalent to those given to the Canadian workers who perform the same kind of work.
- II) To cover the airfare cost of the foreign workers, as well as any other cost due to hiring and recruitment (subcontractor commission, work permit and visa among others).
- III) Medical Insurance for injuries, occupational and non-occupational illnesses.
- IV) To sign an employment contract before the workers departure from their country of origin.

²⁸ Originally the LSWP it was not designed in a direct way for the agricultural sector, since it was raised for all those activities that the Government of Canada determined as "low skills", or with a requirement for lower levels of education, among which are found activities in the sectors of construction, tourism and services, among others.

Derived from this new scheme, the Canadian Government is limited to establish the general rules for hiring and admission of the workers in Canada, without establishing any agreement with any country in particular, allowing those interested in taking part in this scheme to be hired and recruited directly by the employers and/or recruitment agents.

In structural terms, the LSWP differs from the SAWP, which is a Government to Government agreement. That way there are numerous differences in relation with the LSWP, among them, the following:²⁹

- More flexibility in the recruitment periods. The workers that have been hired in this way have a period of stay in Canada from 1 to 2 years, having the possibility of being expanded to 4 years (In the case of the SAWP's workers the authorized period of staying is only 8 months maximum, restraining their stay in Canada until December 15th).
- Less supervision regarding the working conditions and treatment, whether of Canada and the source country (for example, in the case of SAWP there are consular structures dedicated exclusively to monitor this issue, but in the LSWP the vast majority of the consular offices of the hired workers aren't notified about where and in which companies they are working).

With this new scheme, the possibility of participation in the Canadian Labor Market has been extended to other countries, and not only to Mexico and the Caribbean countries. That's way since 2002 anyone that is interested to work in Canada is only required to cover the requirements stipulated by the LSWP. This means, in practice, the emergency of a new segment of the labor market, which competes with the SAWP for the offered job positions.

²⁹ These two characteristics are clearly different from the SAWP because they generate two conditions, one real and one potential: the first it is the reduction of air transportation costs, since the workers can stay into Canadian territory for a longer time and not be forced to return to their country just to comply with the condition of the temporality (as in the case of the SAWP in which it is not possible to extend their stay beyond December 15th). The second condition generated by the scheme of LSWP is of potential type, because not having a structure of control and supervision the workers are susceptible to be abused, mistreated, and receive poor working conditions and pay.

Quebec (SAWP vs. LSWP)

As a concrete sample of competition between the SAWP and this new scheme of labor mobility, it is possible to mention the Agreement signed between the Government of Guatemala and the Farmers Association in the Province of Quebec (Fundacion des Entreprises en Recrutement de Main-D'Oeuvre Etrangere, Ferme by its french acronym). Through this scheme in 2003, 241 Guatemalan workers were already requested (El Salvador and Colombia will be added later).³⁰

In fact, with the creation of the LSWP, the labor market in the agricultural sector of Canada was divided. As it is shown below, this division has generated a stagnant condition of the demand of agricultural SAWP workers (at least in the province of Quebec), while the request of agricultural labor force through the LSWP has been increasing constantly.

For example, in Quebec between 2005 and 2009 the Mexican workers grew less than 40 workers per year, while Guatemala had an average growing of 580 workers per season (Figure VIII). That means that in just 5 years the Guatemalan workers passed from 668 workers to 3,572, which signifies an average growing of 40% over the past 5 years. This reflects a clearly stagnation of Mexico (SAWP), while on the other hand there is a steady growing of Guatemala (LSWP).³¹

With all of this, while Mexico maintains its participation in the agricultural labor market already occupied by the SAWP, Guatemala is gaining new segments that have been added in indirect way to the Canadian labor market through the LSWP.

As a matter of fact, including the number of Guatemalan workers, the agricultural labor market of Canada would go in 2009 from 26,882 job positions (covered by the Mexico SAWP and the Caribbean workers) to 32,083 job positions (Figure X). This has been changing the participation rates as follows: Mexico 56%, the Caribbean countries 33% (as a result of 36 years of existence of the SAWP) while Guatemala already occupies 11% (during 6 years of participation).³²

³⁰ This agreement is the result of the intervention by the International Organization for Migration (IOM), who together with the Government of Guatemala and the employers' organization of Quebec agreed with the Canadian Government to reduce some of requirements stipulated by the LSWP (mainly the requirement of the language) becoming much easier the recruitment of agricultural workers, as with the original scheme of the LSWP their participation were limited.

³¹ From statistical data about the number of spaces allowed for Mexicans works, provided by Human Resources and Skills Development Canada.

³² Ibidem.

In fact and according to the data provided by HRSDC, it can be said that due the integration and increasing behavior of Guatemala in the labor market, the relative stagnation of growth in the number of Mexican workers has become a decrease. This is shown in Figure IX, where can be seen that while the growing percentage of Guatemala is still increasing and keeping constant, the percentage of Mexico has been decreasing.

This new labor market conditions in the agricultural sector in the province of Quebec not only explains in part the relative stagnation of the SAWP growing, but mainly allows a long-term perspective, in which the agricultural labor market of Canada potentially was reconstituted nationwide, creating inter alia the following new features:

- Extend the competency for the labor market by including a new agricultural labor force supply from new countries.
- Reduce the dependency of Canada in front of Mexico and the Caribbean countries as the only agricultural labor force source.
- Simplify and reduce the Canadian Government involvement, changing it as matter among individuals, restricting the Canadian government participation to comply as an administrative role, removing their active participation in the processes of supervision and control over the working conditions and treatment that the workers receive from their employers.
- Generate competition for job positions based on the reduction of costs and for the efficiency and quality of the workers and employers.

Figure VIII
Tendency of Mexican Agricultural Workers Placed in Quebec

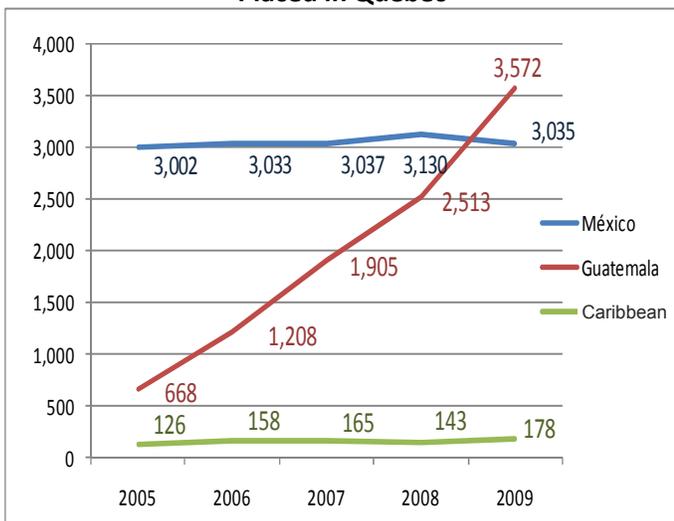
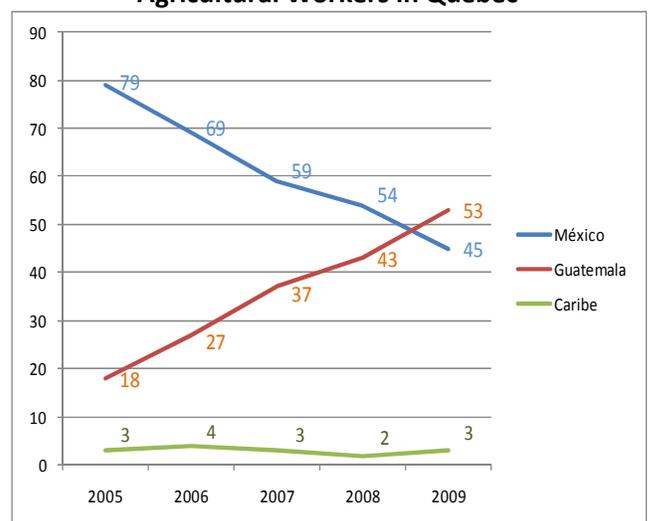
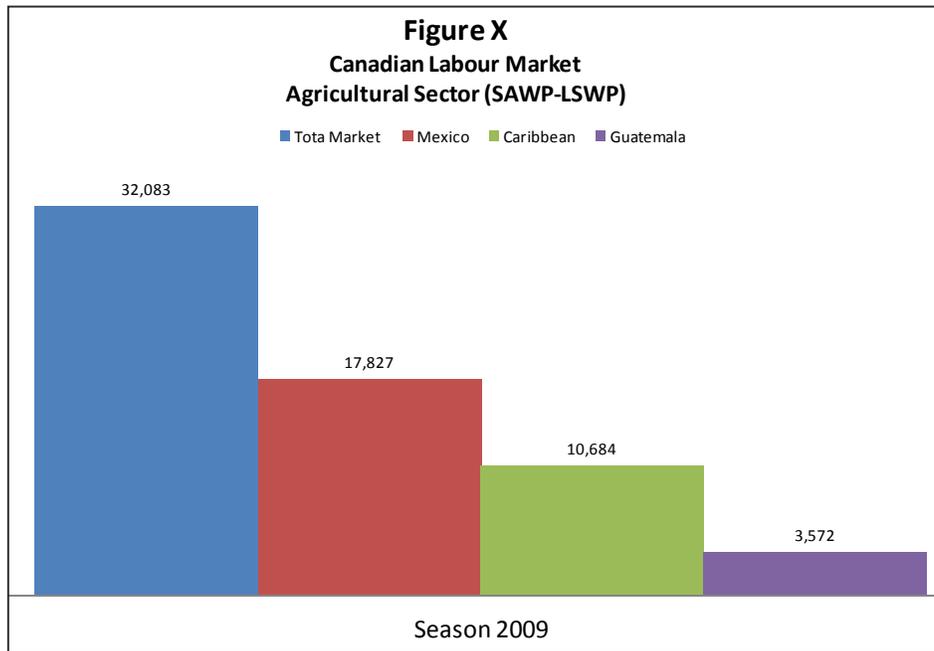


Figure IX
Percentage of Participation of the Agricultural Workers in Quebec



Source: From statistical data about the number of the workers sent for the SAWP to Canada between 1974 and 2010. Ministry of Labour and Social Welfare, General Coordination of National Employment Service.



Source: From statistical data about the number of spaces allowed for Mexicans workers, provided for Human Resources and Skills Development Canada.

Also in the scheme of LSWP, several operational tools that work in the SAWP are dropping and/or disappearing, losing many of the conditions and characteristics that give stability and certainty to the Program.

Among several features that are absent in the LSWP, includes the lack of a labor mobility that takes into consideration the market needs of the workers' country of origin in order to prevent imbalances and generates complementary of the labor markets, encouraging the human capital development, training and the transmit of labor apprenticeships.

At the same time, this situation doesn't encourage the orderly flow of the labor force, without generating certainty in their labor rights and labor conditions, which could produce at its moment a circularity risk and / or the non return of the workers to their country of origin.

Added to all this, it is evident the lack of control and supervision mechanisms that allow a mutual evaluation about the workers performance as well as regarding the worthy treatment and working conditions offered by the employers, along with a serious lack of mechanisms of support towards to the workers during their stay in Canada, as well as the conflict resolution between the worker and the employer.³³

³³ It should be noted that a potential consequence of the current status between the SAWP and the LSWP is the possibility that in the medium/long term the LSWP also implies a process of substitution in

From that perspective, it would seem that only the workers face a loss of all these supports. However, without the SAWP the employers are no longer beneficiary of an investment close to \$70,000,000 Mexican pesos, which in the case of Mexico the government invests in order to have an entire structure which even though directly gives support to the workers also the benefit to the employers avoiding costs of payment of private agents or private companies to select, recruit and guide the workers about their departure to Canada.

Along these lines, the employers also are losing the following support when the workers are in Mexico in terms of:

- Recruitment and workers selection, ensuring major labor pertinence according to the employer needs.
- Management and documents processing, particularly in terms of visa and work permit, as well as the issue of medical examination, in order to ensure the employers reception of the requested workers in good health conditions.
- The workers documentation, ensuring they have proper labor and migration papers, besides the flight documents which also ensure the employer's receipt their workers and prevent repatriation in the port of entry.
- Worker monitoring during their stay in Mexico, allowing the employers to ensure their nominal employees, having the possibility to know in advance the availability of them.

Likewise, in the schema of LSWP the employers no longer are the direct beneficiaries with support during the workers stay in Canada:

- Management with public and private Canadian institutions due to accidents, death and / or early repatriation, among others.
- Mediation and conflict resolution among workers and their employers.
- Guaranteed airline ticket reimbursement and procedures resulting of a poor performance and / or breach of the workers contract.³⁴

which the workers who participate in the SAWP (with more experience) becomes the trainers, directly or indirectly, of the new LSWP workers.

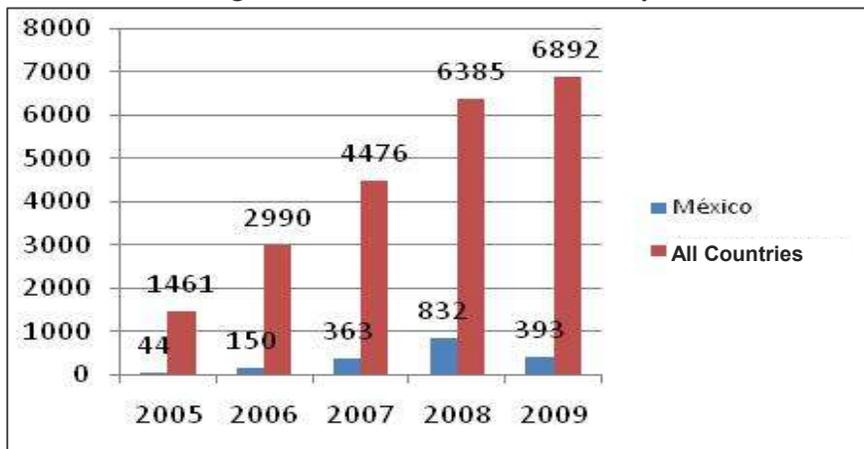
³⁴ As it was pointed out in the section about the Employers' Rights, they have a trial period of fourteen days in order to determine the efficiency and worker skills, as well the right to receive a refund for expenses in case of early repatriation of any worker, either paid directly for the worker or by the Mexican Government (depending on the case and according with the provisions at the employment contract).

A New Emerging Market

According to the data provided by HRSDC, the vast majority of the Mexican farm workers are requested through the SAWP. However there is a small group of workers involved in the LSWP. Most of the time those workers are required, due to their experience, for longer periods than those 8 months authorized for the SAWP, and / or they are workers who work in the primary sector of the Canadian economy, but in sectors or activities where the SAWP is not involved, for example, the dairy sector, livestock, grains, among others.

In this sense, over the past 5 years the agricultural workers of Guatemala occupied on average 44% of the LSWP labor market, while Mexico has covered only 8%. However the foregoing, Mexico went from 44 workers in 2005 to 832 in 2008, and according to the information provided directly by the Canadian Embassy in Mexico City, has been estimated that by 2011 would be addressed about 1,000 workers. Even though it is still a small market its potential is considered substantial (Figure XI).

Figure XI
Agricultural LSWP Current Tendency

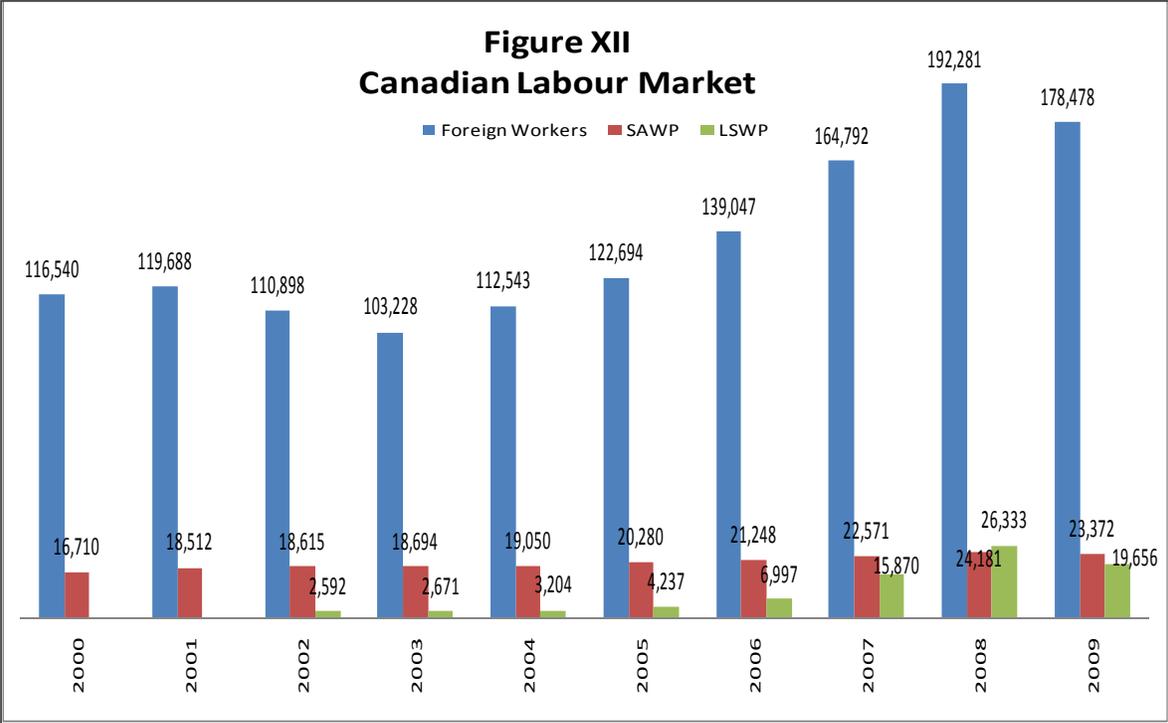


Source: From statistical data about the number of spaces allowed for Mexicans workers, provided by Human Resources and Skills Development Canada.

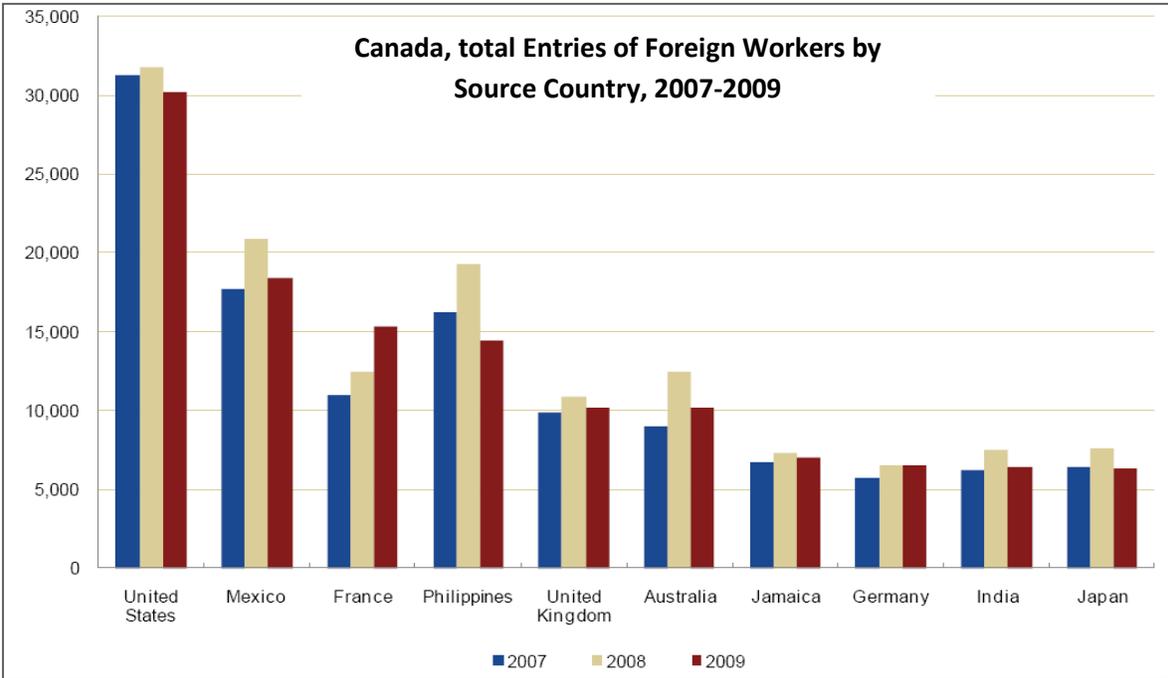
This potentiality is even higher if we consider the total amount that currently represents the labor market of the LSWP. Including all other occupational sectors, as well as the agricultural activities, just in 2009 represented a total of 19,656 job positions that in accordance with the data reported by HRSDC and Citizenship and Immigration Canada (CIC)³⁵ represents a 12% increase over the Mexico- SAWP size, closer to the 73% of the total SAWP Mexico-Caribbean.

³⁵ *Facts and figures 2009: Immigration overview.* Citizenship and Immigration Canada, in <http://www.cic.gc.ca/english/pdf/research-stats/facts2009.pdf>.

Finally, in order to identify the current SAWP condition in the Canadian labor market, there are the following figures that reflect the labor market behavior of the country, as well as the position of Mexico and the Seasonal Agricultural Working Program (SAWP) by itself.



Source: From data in *Facts and Figures 2009: Immigration overview*. Citizenship and Immigration Canada.



Source: *Facts and figures 2009: Immigration overview*. Citizenship and Immigration Canada.

III. SAWP Economic costs and benefits

Once has been established the background, characteristics and present conditions of the Agricultural Workers Program Mexico-Canada, it only remains to have been made the corresponding calculation of the economic costs and benefits that the SAWP implies to Mexico. For this is necessary to identify in a first moment the economic investment that the Mexican Government applies to the operation and functioning of this Program, as well as subsequently to determine the income that Mexico receives by remittances that the workers send to their families, as well as through the capital flows these workers enter into the country upon their return to Mexico.

With this objective, following breakdown of the costs applied by each of the institutions that take part on the Program, and the way in which those data were estimated according to information provided, either directly by the respective institutions evaluated, or based on our own estimates.

In this sense, it is important to mention that basically the information sources to determine the respective costs of each institution involved in the Program were of three different types. In the case of the MLSW, it was through the results obtained by the *Study for the Determination of the Unit Cost of the Employment Support Program in Mexico*, developed by the Inter-American Development Bank (IDB). This study identifies the SAWP operation costs (such study is exposes more broadly in the following section).

The second cost identification mechanism was a questionnaire applied to all the others institutions involved in the Program operation. For the design of that questionnaire it was taken as based the basic methodology used in that Cost Study conducted by the IDB. In this way, from that questionnaire the institutions themselves answered and have determined a general estimate about their investment costs dealing directly with the SAWP (mainly in terms of investment in staff costs, infrastructure, general services and equipment).

The third cost identification mechanism was necessary to apply it in those cases where the institutions didn't provide the information requested through the above mentioned survey. Therefore, taking as base the achieved information for the MLSW case, were applied a set of inferences and considerations that allowed us to determine a general estimate that replaces the missing information.

**a. Ministry of Labour and Social Welfare (MLSW)
(National Employment Service)**

In the particular case of the MLSW, the SAWP is operated by the National Employment Service (NES). This institution is the national public institution responsible of addressing the problems associated with unemployment and underemployment in Mexico in coordination with the 33 federal entities of the country (a total of 70 state offices, which are directly attended SAWP workers as people who is looking for a job source.

As was mentioned in the introduction section, in the case of NES the identification of its operation costs regard to the SAWP derived from the *Study for the Determination of Unit Cost of Employment Support Program in Mexico*. This study was developed by the Inter American Development Bank (IDB), which aims is to identify the unit costs of different services provided by the NES, based on the 2009 results.

For the determination of unit costs of services provided by the NES in the Study developed by the IDB, is set out the criteria for apportion the costs involved and to impute them in an individualized way to the different types of services or attention provided by the institution. However, because the NES don't operate in an individual way, the study also identified the different operational areas that provide the services and programs offered by that institution in a transversal way, ie carrying out tasks or activities related directly and/or indirectly to many services, programs, or subprograms, but using the same staff and facilities, as well as the same infrastructure and equipment.³⁶

According to the statement of the IDB study, to obtain the unit cost of the programs and services offered by the NES it designed a methodology that combines the following variables:³⁷

- Budgetary allocations at federal and state level in a given period (2009),
- NES report attention for that year, and
- The operating cost (associated with the staff time actually devoted to each program or service) that every administrative unit of the NES at central level and in the federal entities devoted to each type of attention or service.

³⁶ Mir, Claudia and Alonso Veraza. *Estudio para la Determinación del Costo Unitario del Programa de Apoyo al Empleo en México*. Informe final. Inter-American Development Bank. January 2011.

³⁷ For more information about the methodology and variables used for the identification of costs refer to the *Estudio para la Determinación del Costo Unitario del Programa de Apoyo al Empleo en México*.

Based on this study the SAWP has a total cost of \$38,976,379 Mexican Pesos (MP). This is a unit cost for each worker who was sent in the 2009 season (15,352 workers) of \$2,539 MP. Based on these results, the SAWP investment represented less than 1.7% of the total budget spent by the NES during that year (\$2,295,935,524 MP).

That amount includes investment in staff costs, materials and equipment, as well as for support of services and infrastructure used for the general functioning of the Program in:

- I) Workers recruitment and selection;
- II) Labor and immigration paperwork;
- III) Reception and processing of applications of the workers requested by the Canadians employers;
- IV) Coordination and processing of medical examination;
- V) Advice and support services to the workers;
- VI) Planning and coordination of flight tickets to Canada, among others.

Also fulfilling with all of the processes and services provided respect of monitoring and control of working conditions and treatment provided by the employers, as well as evaluation about workers performance and behavior, among other several services.

Additionally to the overall Program cost, the IDB study itself identifies the cost of counseling and support services for the 15,352 workers through the NES Call Center. In accordance with the statement carried out by the IDB study, the unit cost for attention provided through the Call Center is \$69 MP. If we consider that each worker reports at least 3 times (once in order to know about his/her visa application process, once more for to know if he/she already has a request or contract assignment, and one additional in order to find out about the date and flight details to Canada), the approximate total cost for the attention of the SAWP workers through this service (taking into consideration the 15,352 workers sent in 2009) is \$3,177,864 MP, which means a total unit cost per worker estimated at \$207 MP.

Based on this estimate, adding to the total investment of MLSW-NES in the SAWP (\$38,976,379 PM) the services costs for supporting and workers telephone counseling, the total investment in the Program during the 2009 season was \$42,154,243 MP.

Table IV
Investment SAWP, MLSW-NES
(Season 2009)

# of Sent Workers	Unit Cost per Worker (MP)	Total Cost (MP)
15,352	\$2,746	\$42,154,243

**b. Ministry of Foreign Affairs (MFA)
(Mexico's consular offices in Canada)**

The Ministry of Foreign Affairs' participation (MFA) in the SAWP operation is carried out through the General Directorate of Protection and Consular Affairs in two different spheres. The first way that MFA participates is through its liaison office at the International Airport of Mexico City (IAMC), which coordinates, along with personnel from the National Migration Institute (NMI) of the Ministry of Interior (MI), the workers documentation in front of the airlines.

In a second stage, the involvement of the MFA is carried out through the Mexican Consulates in the cities of Toronto, Montreal, Vancouver and Calgary, as well as through the Consular Office of Leamington, in the province of Ontario. Such Consulates in general terms are on charge of the SAWP operative performance in Canadian territory.

As was previously indicated, to obtain the information relating to the expenditure carried out by the MFA in the SAWP was requested to the respective operational areas of the Program providing an estimate. Nevertheless only 3 of the 5 consulates replied to such request.

Notwithstanding the foregoing, due personal experience it is possible to consider in general terms that the structure, number of staff and operational functions at all the Mexican consulates involved in the SAWP are very similar. This makes it possible to estimate an average cost of the 2 Consulates that did not provide the information requested, based on the costs reported by the 3 Consulates that did it. According to this, the total estimated investment of all consulates that operate the SAWP it is \$1,148,800 (CD), with a general average estimate for each of them at \$229,760 (CD), and a unit cost by worker of \$75 Canadian dollars.

This investment allows performing the administrative functions that makes possible the link between the Mexican institutions with private agencies which represent employers, the employers themselves and the workers. In addition to the management tasks in favor of the Worker in front public and private Canadians institutions, among them:

- I) Receipt and approval of applications for workers by the Canadians employers;
- II) Inspection of working conditions, housing, payment and treatment provided by the employers;
- III) Management and support to the workers in front the Canadians employers, and the public and private Canadian institutions due accidents, death,

repatriation or early return, medical coverage, discounts, taxes, among others;

- IV) Mediation and conflicts resolution between workers and employers, as well as coordination of return flight to Mexico.

Fulfilling the complaints attention, counseling, orientation and consulate support to the workers during their stay in Canada; as well as for divulgation matter about the rights and obligations of both, workers and employers.

On the other hand, the General Directorate of Protection and Consular Affairs and the Liaison Office of the MFA in the IACM didn't provide the requested information. Therefore it was necessary to estimate the costs of both areas taking into consideration just the estimated investment respect of the staff costs. Despite this limitation, given the limited number of staff and type of activities carried out by these agencies, it is not considered a factor that significantly affects the estimate of the real investment in the SAWP applied as a whole.

Thus, taking into consideration the number of staff of both operational agencies, as well as the salary level that each one of them would correspond based on the salary structure of MLSW, was estimated a total cost of \$910,000 MP, with a unit cost by Worker during the 2009 season of \$59 MP.

It should be pointed out that due to administrative functions that fulfills the personnel, they are not dedicated exclusively to the SAWP, therefore according to the methodology used by the IDB, the estimated investment should be divided according to the percentage of time devoted to the Program, however the quantity is not disaggregated in order to complement, in an indirect way, the unidentified costs in terms of infrastructure, services and equipment used, among others.

According to these results, adding the total estimated investment of the participant consulates (\$1,148,800 USD) the estimated costs stemming from the administrative areas of the General Directorate of Protection and Consular Affairs involved in the SAWP shows a total of \$15,520,288 MP.³⁹

Table V
Investment SAWP, MFA (Consulate offices in Canada)
(Season 2009)

# of Sent Workers	Unit Cost per Worker (MP)	Total Cost (MP)
15,352	\$1,011	\$15,520,288

³⁹ To convert Canadian dollars to Mexican pesos was considered an exchange rate of \$13.51 pesos by dollar, according to the average data reported by the Central Bank of Mexico from January to December 2009. In www.banxico.org.mx/PortalesEspecializados/tiposCambio/TiposCambio.html

c. Federal Ministry of Public Health (FMPH)

In the case of the Ministry of Health (FMPH), its participation in the SAWP is mainly through the medical examination of the workers before their departure to Canada. However, the investment applied by this institution can be divided in two different categories. The first category takes into account the administrative tasks that this institution does through the Directorate General for International Relations (DGIR). The second category relates to the operational role carried out by the 25 hospitals where the workers are examined.

As a result of the lack of accurate information, in order to determine the FMPH investment spent in the SAWP, it was necessary to make two different estimates for each category of the FMPH's participation. In order to estimate the expenditure made by the DGIR administration linked to the SAWP (like in the case of the General Directorate of Protection and Consular Affairs of the MFA), the estimated investment concerning staff costs was considered.

As well as the estimates applied for the investment exercised by the MFA, it is also not considered that such restriction from the information significantly disturbs the estimated investment spent in the SAWP. This is mainly due to the reduced number of personnel and type of activities performed by the DGIR.

Considering the staff number directly involved into the SAWP, and their wage level according to the salary structure of the MLSW, it was estimated a total spending of \$585,000 MP.

In the same way, it should be pointed out that, that the personnel are not exclusively devoted to the SAWP. However, as in the case of the MFA, this estimation neither is disaggregated according to the percentage of time devoted for those personnel to the Program in order to complement, in an indirect way, the unidentified costs in terms of infrastructure, services and equipment, among others.

In the case of the investment costs spent by hospitals that medically evaluate the workers, the subsidized amount by the FMPH was estimated identifying the difference between the average cost in private and public hospitals.

Based on these considerations, on average each worker pays a \$250 MP fee for their evaluation and medical tests in the FMPH's hospitals. In the private physicians network hospital authorized for the Canadian Embassy, the average cost is \$850 MP. This result in a difference of \$600 MP, which is the subsidy estimated for the FMPH at the moment to evaluate each worker. This means an estimated total investment of \$9,211,200 MP in the 2009 season.

In total, by adding the estimated investment by administrative area of the Program in the FMPH (\$585,000 MP), to the estimated average investment by the subsidy applied for the different hospitals which medically examined the workers, makes a total estimate of \$9,796,200 MP. The unit cost per worker would be \$638 MP.

Table VI
Investment SAWP, FMPH
(consulate offices in Canada)
(Season 2009)

# of Sent Workers	Unit Cost per Worker (MP)	Total Cost (MP)
15,352	\$638	\$9,796,200

d. National Migration Institute (NMI)

For their part, the NMI intervention focuses on the organizing tasks and the monitoring of the workers in the IAMC, before and during their airline documentation. In the same way, the NMI staff is responsible for carrying out the changes and replacements of workers due to their absence, replacing them with workers of Airport Reserve.

Also, the NMI is responsible for coordinating with the staff of General Directorate of Protection and Consular Affairs of the MFA in order to issue the reports and flight closures before the arrival of the workers in Canadian; The above in order Mexico's consular staff and employers' organizations, along with Canada Border Services, have the personal data of workers, as well as their employers and length of stay.

Just like in the case of the General Directorate of Protection and Consular Affairs of the MFA and the DGRI of the Ministry of Health, plus some participant's consulate, the NMI area linked to the SAWP did not provide the information requested through the questionnaire about the costs related to the Program. However, as in the above cases, it is considered that such a limitation does not significantly affect the overall estimate about the General investment of the Program (again mainly due to the small number of staff and the specific type of activity played by the staff of NMI in the IACM) and instead allows a better estimation of the alternative reality that simply does not consider that investment.

It is once again necessary to estimate the costs related to the SAWP area concerning staff costs, therefore that multiplying the number of personnel with a salary level that would correspond to each one of them (based on the salary structure from the MLSW). The investment during the 2009 season was estimated at a total of \$715,000 MP.

As in previous cases, due to the operational functions of the NMI staff, it is not dedicated exclusively to the SAWP; however, neither does it disaggregate the estimated investment amount by the percentage of time spent on the Program in order to supplement indirectly the unidentified costs.

Table VII
Investment SAWP, NMI
(Season 2009)

# of Workers Sent	Unit Cost per Worker (MP)	Total Cost (MP)
15,352	\$47	\$715,000

e. Total Investment

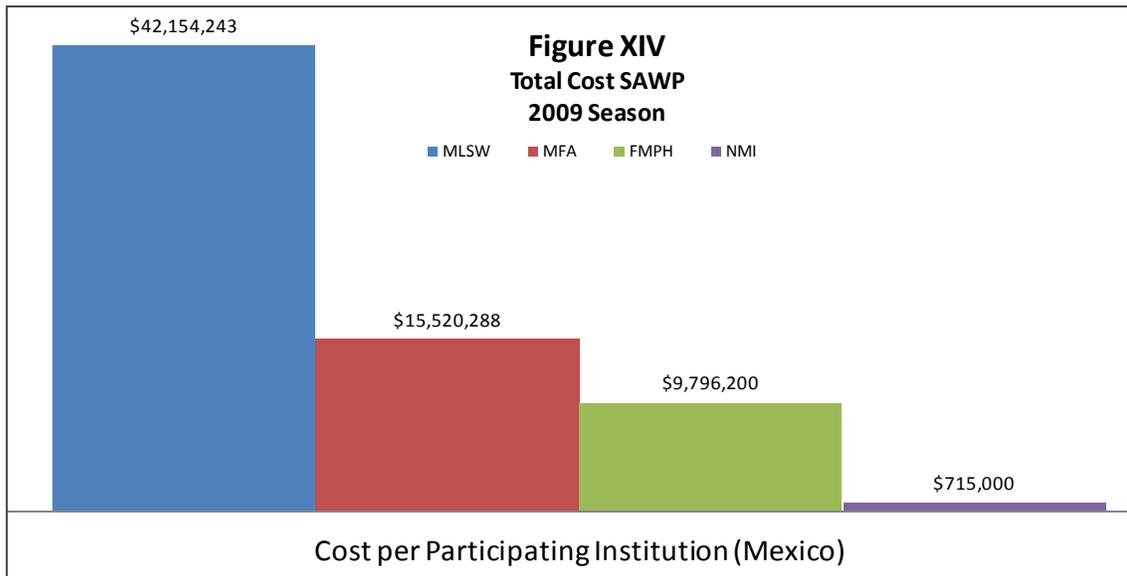
As can be seen in the previous sections, the overall estimate of program costs is not exact in all cases and it was necessary to carry out some general estimates to substitute for missing information. Nevertheless, with this limitation it is still possible to ensure that the general estimation obtained can be considered with a high degree of accuracy to the real investment exerted by the Mexican Government through the participating institutions, since the institutions with higher investment rates in the SAWP are precisely those in which the data were more accurate, particularly in the operational areas of greatest impact in the spending used.

In accordance with this estimate, **the unit cost per worker during the 2009 season was \$4,442 MP**, therefore **the total investment in the SAWP in that year was \$68,185,731 MP**, ie equivalent to 2.9% of the total budget exercised by the NES in the same year (\$2,295,935,524 MP).

Table VIII
SAWP Total Cost (Season 2009)

Institution	# of sent Workers	Unit Cost per Worker (MP)	Total Cost (MP)	% of Participation
STPS	15,352	\$2,746	\$42,154,243	62
SRE		\$1,011	\$15,520,288	23
SS		\$638	\$9,796,200	14
INMI		\$47	\$715,000	1
Total		\$4,442	\$68,185,731	100%

Source: Based on own information, developed from consultation with the operational agencies of SAWP in each participating institution.



From this estimate on investment applied during the 2009 season, and with the objective of outlining the behavior of the Program during the last 10 years in this field, some general estimates based on the inflationary index of the immediate subsequent years were made in order to estimate the increase in the investment used in the Program.

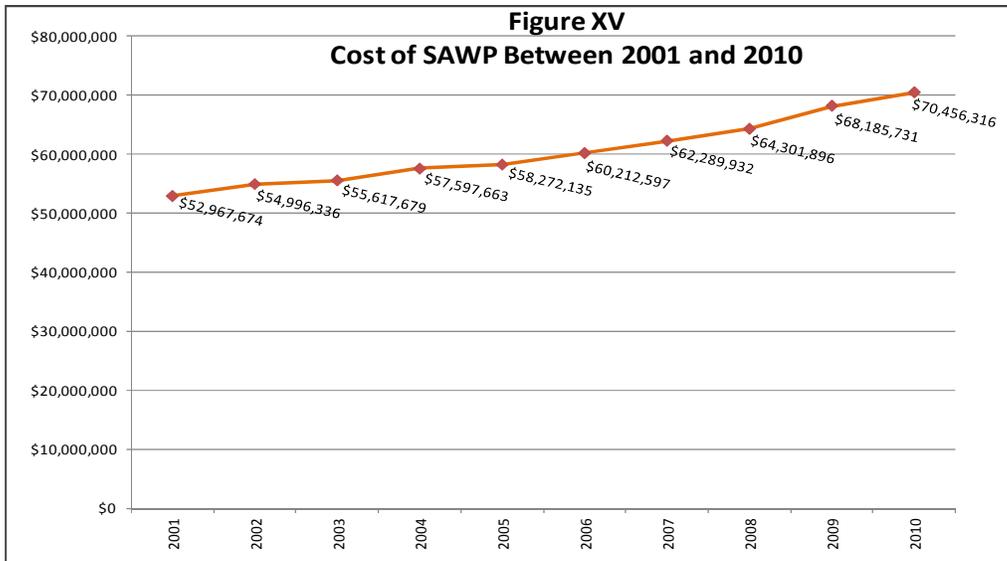
While these numbers are only estimates that have the objective of illustrating the level of spending in the Program, the same amounts can also to have additional information that will be useful in the next section to compare the levels of expenditure in SAWP with the income earned by Mexico through remittances and capital flows returned by the agricultural workers in the Program.

Table IX
SAWP Estimate Investment Spending per Season

Year	# of Workers Sent	Inflation Index	Unit Cost x Worker (MP)	Total Cost (MP)
2001	10,529	3.83%	\$4,649	\$52,967,674
2002	10,681	4.73%	\$4,758	\$54,996,336
2003	10,595	3.56%	\$5,023	\$55,617,679
2004	10,708	4.54%	\$5,206	\$57,597,663
2005	11,720	3.33%	\$4,972	\$58,272,135
2006	12,868	3.45%	\$4,679	\$60,212,597
2007	14,288	3.23%	\$4,360	\$62,289,932
2008	15,849	6.04%	\$4,057	\$64,301,896
2009⁴⁰	15,352	3.33%	\$4,442	\$68,185,731
2010	15,809	3.28%	\$4,457	\$70,456,316
Average		3.93%	\$4,660	\$60,489,796

Source: Prepared with data obtained from the year 2009; with the exception of that year, all quantities above are calculated estimates based on the inflation rate increase from the previous year.

⁴⁰ Base year for estimates before and after 2009.



f. Total Benefits

Once the overall estimation of investment costs spent in the SAWP is complete, the economic benefits that Mexico received through capital flows and remittances from the workers entering the country must be identified. To obtain this data it is used the information provided by the MLSW-NES from the workers in their Report of Return.

As noted in the chapter about the History and Characteristics of the SAWP Mexico-Canada, this Report of Return is a survey where the workers respond when they return from Canada, in order to know about the conditions of employment, housing, transport, treatment and support provided by the employers.

Also, through this Report of Return the workers provide a general statement about the payments and season's discounts, making it possible to know the gross and net wages of workers, the percentage of deductions made by their employer, the amount of remittances sent to Mexico and the flow of capital as workers reenter the country.

In accordance with the data reported by the workers, in 2009 the average labor stay in Canada was 5 months (the workers fulfill employment contracts of at least 2 and up to 8 months). During this time, on average the workers had a **gross salary** of \$11,544 (CD), while their net **averaged salary** was \$9,646.9 (CD). Therefore in the 2009 season they received a **total income** of \$177,223,488 (CD), leaving in the Canadian economy a total of \$29,063,393 (CD) because taxes and discounts, estimated at 16.4% of their gross income. That is \$1,893 (CD) per worker, leaving the 15,352 workers of the 2009 season with a **real income** of \$9,099 (CD), and a **total estimated income** of \$148,160,095 (CD) (Table X).

Table X
Revenue - Discounts / Remittances - Capital Flow
SAWP workers (Season 2009)

	Total Gross Salary (CD) (A + B)	Net Income (CD) (C + D) (A)	Deductions and Discounts (CD) (B)	Maintenance Spending (CD) (C)	Remittances / Flow Capital (DC) (D)
Total Estimated Cost (CD)	\$177,223,488	\$148,160,095	\$29,063,393	\$8,471,622	\$139,688,473
Unit Cost per Worker (CD)	\$11,544	\$9,646.9	\$1,893	\$552	\$9,099
Average	100%	84%	16%	6%	94%

Source: Based on information obtained from the Information System of Labor Mobility (Simol) of the MLSW-NES for the 2009 season.

According to what is indicated in the Report of Return of 2009, during the workers stay in Canada **the total remittances sent to Mexico were \$124,853,169 (CD)**. As for the concept of **cash flow** (money that the workers bring to the country upon their return to Mexico) they reported **\$14,835,303 (CD)**. Thanks to the effort of SAWP workers, **a total of \$139,688,473 (CD)** entered Mexico's national economy, representing 79% of the workers total income.

Based on these estimates, the economic benefit generated by the workers (in addition to the percentage they contribute to the economic benefit generated directly in the agricultural production of Canada) also has an impact on the Canadian economy. **The expenditure by daily maintenance and payment of taxes and various worker deductions generated a total income for Canada estimated at \$37,535,015 (CD)**, which represents 21% of the total worker's gross income. The remaining 79% were resources that went into the Mexico's economy (See Table XI).

Table XI
Economic Spill on Canada and Mexico
(2009 Season)

	Concept	Canadian Dollar	%	
Canada	Total Economic Spill	\$37,535,015	21	Deductions and Discounts + Maintenance Expenditure
	Economic Spill per Worker	\$2,445		
Mexico	Total Income by Remittances and Capital Flows	\$139,688,473	79	Remittances +

	Remittance Income and Capital Flow per Worker	\$9,099		Capital Flows
--	---	---------	--	---------------

It should be noted that this 79% with respect to the gross income of workers becomes 94% if it is considered in relation to their net income (see Table X). Although this percentage can be considered an overestimated proportion (since in total the workers apparently spent only \$8,471,622 in living costs), it can be explained because the low maintenance costs of workers, as they receive from their employer housing and free local transportation. In several cases, they also receive meals at reduced costs; Therefore the maintenance costs of workers remain relatively low.

In this sense, if it takes consideration that the workers stay in Canada on average 5 months, their monthly cost would be approximately \$110.40 (CD). That is an estimated \$27.60 (CD) per week. While this amount is small, it's in part justified because the living expenses are high unreported, mainly because in several cases the workers receive loans or advance payments from their employer (generally at their arrival in Canada). The above is in order for the workers to purchase groceries and personal items. These loans are deducted or discounted from the worker's wage, so that one part of the maintenance costs is indirectly included in the estimate calculated for deductions and discounts.

Table XII
Total Estimated Remittances and
Capital Flows of SAWP Workers

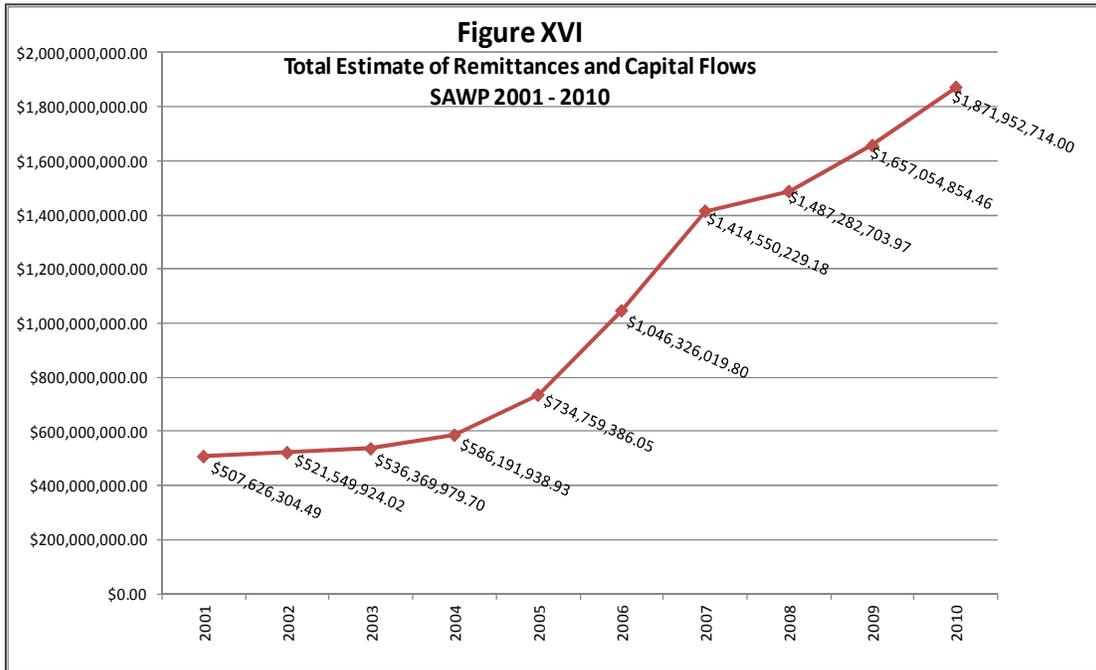
Year	Workers Sent	Average stay (months)	Average of Money Sent per Worker (CD)	Total estimate of income for Mexico (CD)	Total Estimate of Income for Mexico (MP) ⁴²
2001	10,529	3.25	\$5,551	\$58,442,057*	\$507,626,304
2002	10,681	3.25	\$5,622	\$60,045,057*	\$521,549,924
2003	10,595	3.25	\$5,828	\$61,751,262*	\$536,369,980
2004	10,708	3.25	\$6,303	\$67,487,170	\$586,191,939
2005	11,720	5.3	\$6,971	\$81,716,880	\$734,759,386
2006	12,868	5.7	\$8,450	\$108,738,589	\$1,046,326,020
2007	14,288	5.8	\$9,695	\$138,521,588	\$1,414,550,229
2008	15,849	5.9	\$8,944	\$141,761,539	\$1,487,282,704
2009⁴³	15,352	5.3	\$9,099	\$139,688,473	\$1,657,054,854
2010	15,809	5.18	\$9,658.42	\$152,689,962	\$1,871,952,714

⁴² To convert Canadian dollars at Mexican Pesos is considered the average exchange rate for each year (MP x 1 CD: 2001: \$8.69; 2002: \$8.69; 2003: \$8.69; 2004: \$8.69; 2005: \$8.99; 2006: \$9.62; 2007: \$10.21; 2008: \$10.49; 2009,: \$11.86; 2010: \$12.26) according to the average data reported by Banco de Mexico from January to December of each year. Available at www.banxico.org.mx/PortalesEspecializados/tiposCambio/TiposCambio.html

⁴³ Base year for estimates before and after 2009.

Average	5	\$7,612	\$101,084,258	\$1,036,366,405
----------------	----------	----------------	----------------------	------------------------

* Because Banco de Mexico does not have data about the exchange rate of the Canadian Dollar to Mexican Peso in the years 2001 to 2003, the last available exchange rate (2004) was taken as a basis for the estimation of these years.



Source: Based on information obtained from the Information System of Labor Mobility (Simol) of the MLSW-NES for the 2009 season.

g. Costs vs. Benefits

Once we have the relevant information it is necessary to conduct a brief comparative exercise between the Investments expended by the Mexican Government and the economic benefits that year by year the SAWP workers enter into the national economy through capital flows and remittances.

According to the estimates previously indicated, the cost of the SAWP represented in the 2009 season 4% (\$68,185,731) of the total income that the SAWP workers integrated into the Mexican economy (\$1,657,054,854), while on average over the past 10 years, the cost of the Program has represented 7% of the total SAWP revenues.

In addition, as can be seen in the estimates shown in Table XIII, the cost of the Program (with respect to the revenue that has been accounted for between 2001 and 2010) maintains a downward trend, while using the same infrastructure the number

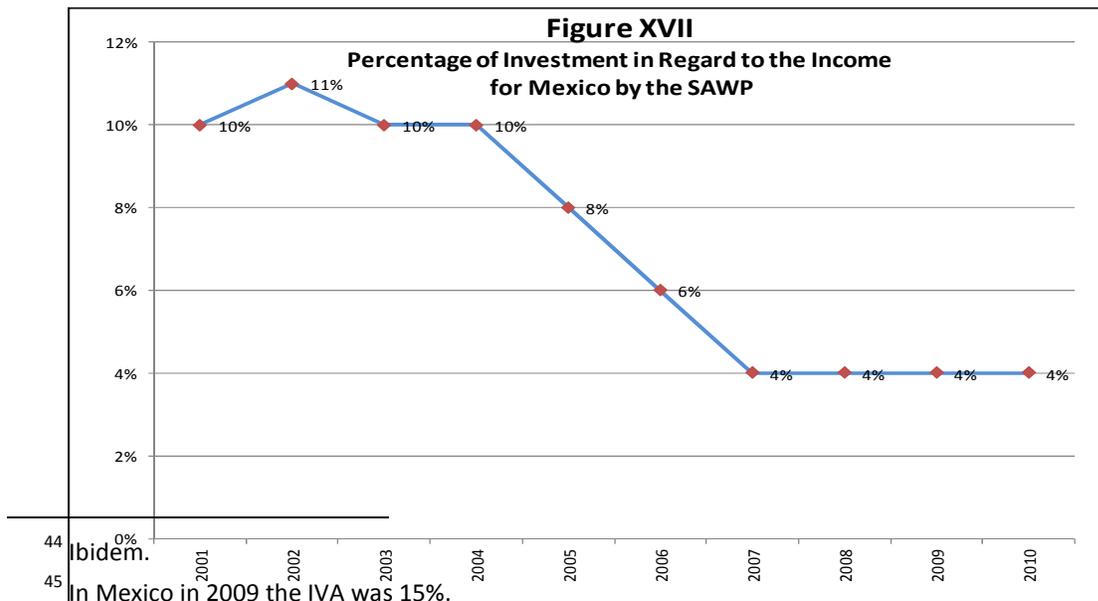
of workers assigned to a work contract in Canada has tripled the number of workers (see figure XVII and XVIII).

Table XIII
Total Estimated Costs and Benefits of SAWP

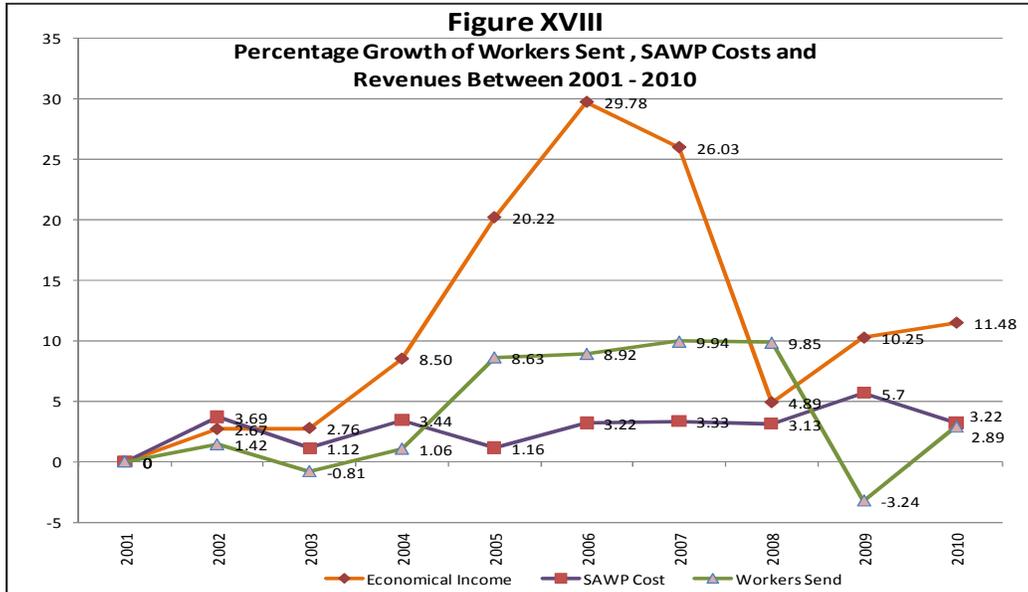
Year	Workers Sent	Total estimate of income for Mexico (MP)	Total Cost SAWP (MP)	% In Regard to the Total Cost Estimate
2001	10,529	\$507,626,304	\$52,967,674	10%
2002	10,681	\$521,549,924	\$54,996,336	11%
2003	10,595	\$536,369,980	\$55,617,679	10%
2004	10,708	\$586,191,939	\$57,597,663	10%
2005	11,720	\$734,759,386	\$58,272,135	8%
2006	12,868	\$1,046,326,020	\$60,212,597	6%
2007	14,288	\$1,414,550,229	\$62,289,932	4%
2008	15,849	\$1,487,282,704	\$64,301,896	4%
2009⁴⁴	15,352	\$1,657,054,854	\$68,185,731	4%
2010	15,809	\$1,871,952,714	\$70,456,316	4%
Average		\$1,036,366,405	\$60,489,796	7%

Source: Based on information obtained from the Information System of Labor Mobility (Simol by its Spanish acronym) of the MLSW-NES.

This means that the Program is completely self-sufficient and profitable in terms of revenues that impact the Mexico's national economy, and is also fully profitable in terms of government investments. Actually, the payment of the consumption tax (Impuesto al Valor Agregado, IVA by its Spanish initials)⁴⁵ multiplies by about 3.6 times the income received by the Mexican Government (\$248,558,228) if we compare it with the Investment exercised for the SAWP operation (\$68,185,731).



Source: Based on own estimations using information provided by the SAWP operational entities in each participating institution and SIMOL information.



Source: Based on own estimations using information provided by the SAWP operational entities in each participating institution and SIMOL information.

On the other hand, Table XIV shows that as the Program has steadily grown, then between 2001 and 2010 the number of workers sent to Canada increased by 50%, while the cost of the Program grew only 33%.

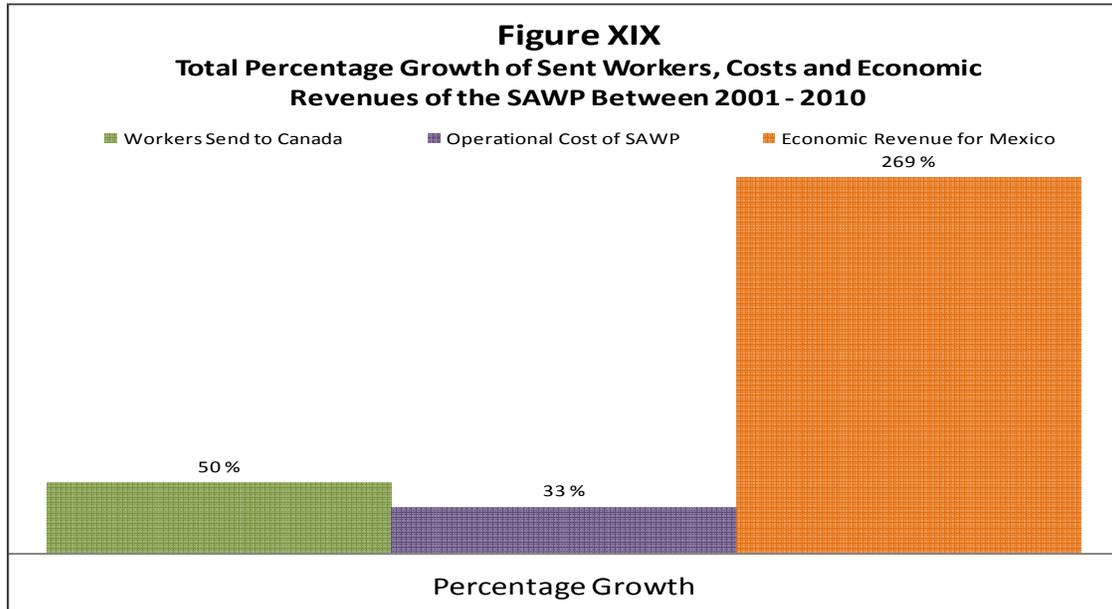
Table XIV
Percent of Growth in the Number of Workers
Costs and Benefits of SAWP

Year	Workers Send	% of Growth	Total Cost SAWP (MP)	% of Growth	Total Income of Mexico (MP)	% of Growth
2001	10,529	Base Year	\$52,967,674	Base Year	\$507,626,304	Base Year
2002	10,681	1.42	\$54,996,336	3.69	\$521,549,924	2.67
2003	10,595	-0.81	\$55,617,679	1.12	\$536,369,980	2.76
2004	10,708	1.06	\$57,597,663	3.44	\$586,191,939	8.50
2005	11,720	8.63	\$58,272,135	1.16	\$734,759,386	20.22
2006	12,868	8.92	\$60,212,597	3.22	\$1,046,326,020	29.78
2007	14,288	9.94	\$62,289,932	3.33	\$1,414,550,229	26.03
2008	15,849	9.85	\$64,301,896	3.13	\$1,487,282,704	4.89
2009⁴⁶	15,352	-3.24	\$68,185,731	5.70	\$1,657,054,854	10.25
2010	15,809	2.89	\$70,456,316	3.22	\$1,871,952,714	11.48

⁴⁶ Base year for estimates before and after 2009.

Average	3.9	60,489,796	2.8	1,036,366,405	12
---------	-----	------------	-----	---------------	----

Source: Based on our own estimates data obtained from the SIMOL of the MLSW-NES.



Fuente: A partir de estimaciones propias con datos obtenidos a través del Sistema de Información de Movilidad Laboral (SIMOL) de la STPS –SNE.

According to these estimations, the Program income from capital flows and remittances between 2001 and 2010 increased by 270%. Therefore the cost-benefit ratio is clearly positive, since the amount of Canadian currency through SAWP has increased because the growth in the number of workers sent to Canada, and the increase in the average income of each worker. In this way, the Mexico's income grows significantly through the SAWP workers, while the operating expenses are relatively stable (see Figure XVIII and XIX).

In this sense, observing the data in Table VII (in the column for Average Money Submitted by Worker) one can see that in 2001 an average of \$5,551 Canadian dollars per worker has been sent to Mexico per season. While in 2010, this amount increased to \$9,658 Canadian dollars, which represented a growth close to 74% in the workers income of SAWP.

This increase in the amount of Canadian Currency the SAWP workers entering into the national economy is explained in part by the increase in the number of workers, and also because the expansion of the period of labor stay in Canada (see table XIV), since in 2001, one worker stay in Canada was on average for a period of 3 months and 25

days, while for the 2010 season, the period of stay was 5 months and 18 days. That is about 60% more labor time.

According to these estimations the increase in the average income of the workers between 2001 and 2010 was a total of 74%, while the time of stay increased by 60%. Therefore, the difference of 14% in the income growth average can be attributed to both the wage increases and the difference in the exchange rate between the Canadian dollar and the Mexican peso.

Now that the Program's benefits for the workers and for Mexico have been established, it is necessary to briefly mention the benefits that the SAWP generates for Canada and the Canadian employers.

In this sense, due to the lack of specific information about the production of the farms participating in SAWP-Mexico, it is not possible to identify the specific impact that the SAWP workers generate in the Canadian economy.

Despite this limitation, with the purpose to illustrate in general terms the contribution that the Mexican workers make to the Canadian economy, below are presented some facts and general estimates developed by Agriculture and Agri-Food Canada in terms of income for the seasons 2009, 2010 and 2010.

According to Agriculture and Agri-Food Canada, it was estimated that the agricultural sector in which plays Mexican workers earned an estimated income of \$ 23.3 billion dollars in the 2009 season, while for 2010 was estimated at 21.6 billion, and by 2011 it is expected to will be 22.5 billion.⁴⁷

Although this number does not correspond entirely to the workers of SAWP-Mexico (because the agricultural sector also involves local workers from Guatemala and the Caribbean), the percentage of participation is considerably higher if one takes in consideration the percentage participation of every country in the Canadian agricultural labor market (Figure X).

According to this percentages participation, the agricultural workers from Mexico cover around 50% of the total agricultural production in Canada. Although, due to the lack of specific information, it cannot be said that the workers of SAWP-Mexico generate 50% of the profits of the sector, whether it is possible to establish a general reference about the profitability and productivity of Mexican farm workers, and in

⁴⁷ Based for estimate the 2011 season by Agriculture and Agri-Food Canada. At <http://www4.agr.gc.ca/AAFC-AAC/display-afficher.do?id=1298587468988&lang=eng>

that way to build a general idea regarding its beneficial impact on the Canadian economy.

Table XV⁴⁹
Total Cost Estimate of SAWP
(In Canadian Dollars)

Year	Workers Sent	Total Cost SAWP (MP)	Total Cost SAWP (CD) *	Unit Cost by Worker (CD) *
2001	10,529	\$52,967,674	\$6,098,068.20	\$579
2002	10,681	\$54,996,336	\$6,331,624.22	\$593
2003	10,595	\$55,617,679	\$6,403,158.26	\$604
2004	10,708	\$57,597,663	\$6,631,110.08	\$619
2005	11,720	\$58,272,135	\$6,480,784.26	\$553
2006	12,868	\$60,212,597	\$6,257,545.65	\$486
2007	14,288	\$62,289,932	\$6,099,818.95	\$427
2008	15,849	\$64,301,896	\$6,128,986.58	\$387
2009⁵⁰	15,352	\$68,185,731	\$5,748,005.64	\$374
2010	15,809	\$70,456,316	\$5,746,925.19	\$364
Average		\$60,489,796	\$6,192,603	\$499

* Because Banco de Mexico does not have data about the exchange rate of the Canadian Dollar to Mexican Peso in the years 2001 to 2003, the last available exchange rate (2004) was taken as a basis for the estimation of these years.

⁴⁹ To convert Canadian dollars at Mexican Pesos is considered the average exchange rate for each year (MP x 1 CD: 2001: \$8.69; 2002: \$8.69; 2003: \$8.69; 2004: \$8.69; 2005: \$8.99; 2006: \$9.62; 2007: \$10.21; 2008: \$10.49; 2009,: \$11.86; 2010: \$12.26) according to the average data reported by Banco de Mexico from January to December of each year. Available at www.banxico.org.mx/PortalesEspecializados/tiposCambio/TiposCambio.html

⁵⁰ Base year for estimates before and after 2009.

IV. Conclusions

According to the International Organization for Migration, in 2010 Mexico was the major sending country in the world with nearly 11 million people living abroad, which immediately shows the importance of the topic for the country.

In this context, while estimated annual flow of Mexican migration to the United States is close to 400 thousand undocumented migrants and 100 thousand documented, the SAWP has been during 36 years of existence a model of successful international labor mobility which has demonstrated the possibility of having an able mechanism to respond to both the demand and supply of agricultural workforce in Canada. At the same time, this shows a real possibility of implementing a similar model to other labor markets that are natural to the Mexican agricultural labor force, as is the case of the United States.⁵¹

As can be seen across the present investigation, the Agricultural Workers Program Canada - Mexico it is not only a model of labor mobility which has been able to adapt to its reality over the 36 years of existence. Then the SAWP can be also be considered a program completely self-sufficient and at the same time a government investment clearly profitable for the country in economic terms. Proof of this, on average over the past 10 years for every \$7 pesos that were invested in the SAWP operation and functioning the country received about \$96; while during the last 10 years because the payment of IVA, the Mexican government collected annually on average about \$155,000,000 Mexican Pesos, in comparison to the \$60,489,796 pesos that were invested by season. All this, without taking into account the social benefits, personal development and skills generated among the SAWP workers from the experience of working in Canada.

Generally speaking this implies that over the past 10 years on average each SAWP worker cost to the Mexican government \$4,660 Mexican Pesos, which is an average total of \$60,489,796 per season, while the average of Canadian dollars sent to Mexico by each worker is \$7,612 Canadian dollars by season, resulting in an average season total of \$1,036,366,405 Mexican Pesos that the SAWP workers contributed to the national economy.

Also, in comparative terms the total investment carried out by the Program at the 2009 season means less than 3% of IVA total budget exercised by the National Employment Service in the same year (\$2,295,935,524 MP). While the workers income paid around \$250,000,000 pesos to the Mexican Government by IVA, compared to about \$68,000,000 of Pesos that the Mexican Government expend for the SAWP operation in the same year.

⁵¹ In <http://noticias.aollatino.com/2010/12/31/mexico-encabeza-lista-paises-con-mayor-emigracion/>

In addition to all this, in the development of this paper it was also possible to identify a downward trend over the last 10 years in the relative cost of the Program, since even though such investment has an average annual increase of 33%, the increase in workers income, and therefore the remittances and capital flows sent to Mexico, has grown an average 12% per year, which means that the income that Mexico received via SAWP workers grew about 270% From 2001 to 2010.

Despite the clear convenience of the Program for Mexico, Canada also significantly benefited. Even though there is no precise data about the impact of the SAWP workers in the Canadian economy, taking into account the percentage of Mexican workers in Canada's agricultural sector, it can be estimated that a percentage close to the 50% of total economic benefit generated by the agricultural production in such country (which is estimated for 2011 at \$22.5 billion of Canadian dollars) is attributable to the Mexican peasants, in addition to the \$37,535,015 of Canadian dollars by the payment of taxes and living expenses.

Additionally, a factor that is lightly regarded but with significant impact is the fact that the Canadian employers are indirectly benefited by an average close to \$6,192,603 of Canadian dollars investment by the Mexican government in the Program each year, to carry out the recruitment, selection and monitoring of workers that they required for their production.

Despite the obvious economic profitability that means the Program for both countries, today the SAWP-Mexico face - challenges that encourage strengthening, because even though it has the tools and operational capabilities that have allowed to predominate the agricultural labor market in Canada over the last 36 years, the Canadian labor market has begun to change gradually but steadily over the past 6 years.

As can be seen in the second chapter of this paper, the agricultural labor market attended by the Program is very well differentiated and each participating country has a well-defined segment. Therefore the greatest challenge for the SAWP-Mexico is not a greater competition with countries that already are involved in the same Program, since even though the SAWP is constantly growing, the largest Canadian job growth now takes place inside the scope of the Low Skilled Worker Program, where Mexico has a marginal role. Therefore the limited participation of Mexico in the new labor mobility models offered by Canada becomes the real challenge, and at the same time an opportunity area for the Mexican agricultural workforce.

Finally it is clear the need and desirability of continue with the SAWP-Mexico, and at the same time in a complementary manner to start the participation of Mexico in the scheme of LSWP, which may be initially in the agricultural sector but with the prospect of enlarging it gradually to others sectors of the Canadian economy.

Although the model of LSWP does not have all the institutional infrastructure available for protection and monitoring of the workers it is not possible to say that the Canadian government doesn't intervene. While the LSWP is not an agreement from government to government as in the SAWP case, that Program has different control and monitoring mechanisms in the areas of working conditions, housing, payment and treatment provided by the employer. In fact the main difference of LSWP case is that these mechanisms of protection are more individualized and therefore dependent on the individual activation.

Nonetheless, the involvement of the Mexican government would take advantage of those measures of protection for the workers. Then, at the same time that would protect in a better way the rights of Mexican workers and also would take advantage of the window of opportunity presented by the new existing models of labor mobility in the Canadian labor market, adapting to Mexico and its workforce to the current trend, taking the experience gained from 36 years in the operation of the SAWP, as the basis to address a new international labor mobility scheme which also promoted the principle of *Labor Pertinence* for both countries, benefitting more workers and in a better way.

Finally, as it was indicated earlier at this document and it has been proved along the same, the SAWP it is not only a beneficial instrument for all stakeholders but also represents a Mexican government policy which moves away from assistentialist schemes, by providing to its citizens with tools and necessary opportunities to themselves shape their personal development, and thereby encourage the Mexico's national development.

V. References

- *Canada. Facts and Figure. Immigrant Overview Permanent and Temporary Residents 2009.* Citizenship and Immigration Canada. (<http://www.cic.gc.ca/english/pdf/research-stats/facts2009.pdf>)
- *El impacto de las remesas familiares en México y su uso productivo.* Centro de Estudios Sociales y de opinión Pública, Cámara de Diputados Federal. Diciembre de 2004. (www.remesasydesarrollo.org/uploads/media/impacto_de_las_remesas_Mexico.pdf)
- *Hogares receptores de remesas en México: límites y posibilidades para el desarrollo local y regional.* Fernando Lozano Ascencio. Centro Regional de Investigaciones Multidisciplinarias de la UNAM. The Center for Migration and Development. Working Paper Series, Princeton University. January 2005. (<http://cmd.princeton.edu/papers/wp0502n.pdf>)
- *Importancia Económica de la Migración Internacional en México. Análisis desde la perspectiva de las remesas.* María de Jesús Santiago Cruz. Revista *Momento Económico* # 114, p. 41-47, marzo – abril de 2001. Universidad Nacional Autónoma de México. (www.biblioteca.org.ar/libros/92152.pdf)
- *Informe de Ejecución del Programa de Acción de la Conferencia Internacional sobre la Población y el Desarrollo 1994-2003. Capítulo siete. Migración internacional.* Consejo Nacional de Población (México), marzo de 2004. (www.conapo.gob.mx/publicaciones/informes/CIPD.pdf)
- *Informe de Resultados del Programa de Trabajadores Agrícolas México–Canadá (PTAT), Temporada 2010.* Coordinación General del Servicio Nacional de Empleo, Secretaría del Trabajo y Previsión Social.
- *La gestión migratoria México –Estados Unidos: Un enfoque binacional. Reporte ejecutivo.* Agustín Escobar Latapí (CIESAS Occidente) y Susan Martin (ISIM- U. of Georgetown). Secretaría de Relaciones Exteriores (México) (www.sre.gob.mx/eventos/fenomenomigratorio/docs/lagestionmigratmexeua.pdf)
- *La migración laboral a Estados Unidos y las responsabilidades del Estado Mexicano.* Juan Manuel Sandoval Palacios. Coloquio sobre “Derechos humanos y flujos migratorios en las fronteras de México”. Coahuila, México, 23 y 24 de febrero de 2004. (<http://ierd.prd.org.mx/publi/Mexico/jmsp1.pdf>)
- *La posición de Canadá respecto al fenómeno de la migración y la inmigración al interior del país.* Carlos Gabriel Arguelles Arredondo. Seminario Interuniversitario de Estudios Canadienses (SEMINECAL) (www.seminecal.org/enlaces/documentos/CarlosArguelles.pdf)
- *Las remesas familiares en México.* Instituto de los Mexicanos en el Extranjero, Secretaría de Relaciones Exteriores (México), febrero 2 de 2007. (www.ime.gob.mx/ime2/images/remesas/remesas_familiares.pdf)

- *Los retos de la migración en México. Un espejo de dos caras.* Juan E. Pardinás. Serie Estudios y perspectivas # 99, Comisión Económica para América Latina (CEPAL), México, D. F., mayo de 2008. (www.eclac.org/publicaciones/xml/9/33329/Serie_99.pdf)
- *Migración interna y desarrollo en América Latina entre 1980 y 2005. Un estudio comparativo con perspectiva regional basado en siete países.* Jorge Rodríguez y Gustavo Busso. Comisión Económica para América Latina y el Caribe (CEPAL), Santiago de Chile, abril de 2009. (www.cepal.org/publicaciones/xml/6/36526/lcg2397-P.pdf)
- *Migración, remesas y desarrollo regional en México.* Salvador Moreno Pérez. Centro de Estudios Sociales y de Opinión Pública, Cámara de Diputados Federal (México), Documento de Trabajo núm. 50, Agosto de 2008. (http://www3.diputados.gob.mx/camara/content/download/197046/474176/file/Migracion-remesas-desarrollo-regional_docto50.pdf)
- *Programa de Trabajadores Agrícolas Temporales México – Canadá (PTAT).* Elma del Carmen Trejo García. Centro de Documentación, Información y Análisis, Cámara de Diputados Federal. Junio, 2007. (www.diputados.gob.mx/cedia/sia/spe/SPE-ISS-CI-15-07.pdf)
- *Relación de género, trabajo transnacional y migración temporal: trabajadores y trabajadoras agrícolas mexicanos en Canadá.* Ofelia Becerril Quintan. Primer Coloquio Internacional: Migración y Desarrollo: transnacionalismo y nuevas perspectivas de integración. Octubre de 2003, Zacatecas México. (http://meme.phpwebhosting.com/~migracion/ponencias/20_3.pdf)
- *Reporte estadístico sobre el perfil demográfico y socioeconómico de los trabajadores Agrícolas del Programa de Trabajadores Agrícolas México–Canadá (PTAT).* Coordinación General del Servicio Nacional de Empleo, Secretaría del Trabajo y Previsión Social.
- *Reporte sobre ingresos y remesas, temporada 2010.* Programa de Trabajadores Agrícolas México–Canadá (PTAT), Coordinación General del Servicio Nacional de Empleo, Secretaría del Trabajo y Previsión Social.
- *Tendencias recientes de las remesas de los migrantes mexicanos en Estados Unidos.* Fernando Lozano Ascencio. The Center for Comparative Immigration Studies CCIS, University of California, San Diego. April 2004. (www.ccis-ucsd.org/PUBLICATIONS/wrkg99.pdf)
- *Trabajadoras Agrícolas Migrantes en Canadá, Guía de Información.* Kerry Preibisch y Evelyn Encalada. Universidad de Guelph, Ontario, Canadá, Julio de 2008. (www.rwmc.uoguelph.ca/cms/documents/203/Spanish_Fact_Sheet_Migrant_Workers.pdf)
- *Trabajadores agrícolas mexicanos en Canadá ante la nueva política migratoria.* Lidia Carvajal Gutiérrez y Carlos Elizalde Sánchez. Revista Economía Actual de la Universidad Autónoma del Estado de México, octubre-diciembre 2009. (www.uaemex.mx/feconomia/Publicaciones/Economia%20actual/EA_24/EA-7-Lidia.pdf)