

GM, UAW In Dispute Over Imports And Plant Closures

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DETROIT (AP) — Critical concession talks between General Motors Corp. and the United Auto Workers are being overshadowed by a public spat about the automaker's plans to import vehicles from other countries while it closes 16 U.S. factories.

The fight, which began last week, continues with less than two weeks left before a June 1 deadline for GM and the union to reach a deal on concessions that are a critical part of the automaker's government-ordered restructuring.

If GM can't reach deals with the union, debt holders and other stakeholders by the deadline, the century-old Detroit automaker will be forced into Chapter 11 bankruptcy protection. GM has received \$15.4 billion in government loans.

The union sent an e-mail to members Sunday night asking them to call or e-mail President Barack Obama to protest the imports and factory closures. The company has not identified which factories it will shutter or whether the 16 plants include previously announced closures. GM says it is negotiating the details with the union.

"The UAW strongly objects to GM's plan to close 16 manufacturing facilities in the United States, while at the same time dramatically increasing the number of vehicles it will be importing from Mexico, Korea, Japan and China for sale in this country," the e-mail said.

It said GM wants to nearly double the number of imports from those countries, costing 21,000 UAW jobs in the U.S.

GM acknowledged in documents submitted to Congress that it plans to start importing small cars from China starting in 2011, with the number rising to more than 51,000 by 2014. But the company says the percentage of cars made and sold in the U.S. will remain stable, with fewer imports likely from Canada.

Industry analysts say GM needs to import small cars from countries with lower labor costs to remain competitive. Because the market for subcompacts in the U.S. is somewhat iffy, it makes sense to import them from China to fully use factories there, the analysts said.

The union said it expects negotiations with GM to intensify this week. Last week, factory-level union officials were told at a meeting in Cleveland to expect a call to Detroit this week to explain a possible deal.

"These negotiations will have a major impact on wages, benefits and jobs for active

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and retired UAW members," the union warned in its e-mail.

Also at issue is how to fund a union-run trust that will take over retiree health care costs starting next year. The government's autos task force wants the union to take GM stock in exchange for 50 percent of the \$20 billion the company must pay into the trust.

UAW officials have said the union's agreement with Chrysler will serve as a template for any deal with GM, but some differences must be worked out.

At Chrysler, the UAW agreed to take 55 percent of the company's stock in exchange for roughly \$6 billion of the \$10.6 billion that Chrysler owes the retiree health care trust. GM said it is negotiating to give the UAW about 39 percent of its stock in exchange for roughly half the \$20 billion it owes to the trust.

Also under the Chrysler deal, workers will no longer get most of their pay if they are laid off and placed in the controversial "jobs bank." Instead, they will get supplemental pay from the company equal to 50 percent of their gross base pay. Cost-of-living pay raises also were suspended through 2011, and a provision was added for binding arbitration on a new contract through 2015.

The union also agreed to consolidate nonskilled labor job classifications into a team concept at all factories. Performance and Christmas bonuses will be suspended this year and next to help pay health care costs.

Ford Motor Co., which is not receiving government support, agreed in February to a revised contract with fewer concessions than the Chrysler deal. But the company has said it does not want to be at a disadvantage to its Detroit competitors, so it may eventually reopen negotiations with the union.

The UAW has a big incentive to reach a deal before a possible GM bankruptcy filing, because bankruptcy judges have the power to change or throw out contracts.

A group of dissident Chrysler debt holders challenging Chrysler LLC's government-backed restructuring plans gave up their fight about a week after the automaker entered Chapter 11 on April 30.

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