

Ford, UAW Talks 'A Delicate Balance'

Kimberly S. Johnson, AP Auto Writer

PLYMOUTH, Mich. (AP) -- United Auto Workers union president Ron Gettelfinger said Thursday that while the group continues to discuss additional contract modifications with Ford Motor Co. both sides are working to maintain a good relationship.

"It's a delicate balance," said Gettelfinger of Ford's desire to make changes and UAW workers' potential reluctance to agree to further concessions.

Ford is looking to make minor contract tweaks to things such as work rules, in an effort to make its latest modified contract on par with General Motors Corp. and Chrysler Group LLC. Hourly workers at GM and Chrysler approved concessions earlier this year before those companies entered bankruptcy protection.

Gettelfinger said Ford is in a "unique position" due to decisions it made in recent years to leverage assets, borrow about \$24 billion, hire a new CEO and design new and improved vehicles that are in showrooms today, or expected next year. Ford was able to pass on taking government aid, stayed out of bankruptcy court and turned a \$2.3 billion profit in the second quarter of this year, buoyed by \$10.1 billion in debt reductions that cut annual interest payments.

"The more successful the company is, the more difficult negotiations are," he said.

Gettelfinger made the remarks following a luncheon speech for the Kiwanis Club in Plymouth, a city about 25 miles west of Detroit. His formal remarks focused on supporting President Obama's health care reform agenda. He said he met with administration officials a few weeks ago regarding the UAW's support for health care reform.

"We're going to be very aggressive on health care," Gettelfinger said, although he would not say whether a public option for those without health care was necessary for the union's continued support.

Gettelfinger also said he would soon meet with Treasury Secretary Timothy Geithner and Lawrence Summers, director of the White House National Economic Council, but did not offer specifics on the nature of the pending discussions.

Ford was the first of the major U.S. automakers to have workers approve contract modifications in March, although Ford didn't take government aid or go into bankruptcy protection. At least two local unions rejected the measures.

The changes eliminated cost-of-living increases and performance bonuses in 2009 and 2010. Ford said the concessions would result in annual cost savings of \$500 million, with half the savings coming from a direct cut of bonuses and benefits. The indirect savings come from changes in health benefits and payments made to a

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union-run trust for retiree benefits in stock instead of cash.

Gettelfinger said he chose to negotiate with Ford first back in February because the company was in a better financial position than its U.S. competitors.

"I picked Ford to set the pattern before we had to go into dealing with the government," he said, referring to President Obama's auto task force restructuring GM and Chrysler.

The modified contract at Ford did set a guideline for the others, but workers at General Motors Co. and Chrysler Group LLC voted for deeper cuts in benefits and work rules, as the companies prepared their bankruptcy protection filings. Concessions approved by UAW workers at GM are expected to save the company \$1.2 billion to \$1.3 billion a year.

Since that time, GM and Chrysler have emerged from Chapter 11, and Ford executives have said that it didn't want to have higher labor costs than other automakers. The company met with UAW union officials for Ford last month, but no changes were announced.

"I don't want Ford to be disadvantaged," Gettelfinger said, echoing sentiments previously expressed by company CEO Alan Mulally.

Yet some local union officials have said that members are likely to oppose to further changes to work rules or cuts in benefits.

Ford spokeswoman Marcey Evans said in a statement Thursday that the company's "constructive relationship with the UAW will continue into the future."

To those ends, Ford labor relations officials are visiting workers at plants to provide details about the company's financial health. The "state of the business" presentations are not new, but Ford said it felt the visits were necessary in light of the current talks with the UAW.

Shares of Ford slipped 3 cents to close Thursday at \$7.33.

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