

UAW Accuses Toyota Of Phasing Out Unions

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Toyota's announcement that it will resume construction of a car factory in Mississippi was a much-needed piece of good news for both the state struggling with persistent unemployment and the automaker trying to recover some goodwill after a recall crisis bruised its reputation.

But the decision drew fire from America's largest auto union, which accused Toyota of shifting production from a union plant to a nonunion facility.

Toyota promised to hire 2,000 workers at its nearly complete factory in Blue Springs, Mississippi, and start producing Corolla sedans by the end of next year.

The plant has been on hold since late 2008, when Toyota suspended construction as the economy fell apart and sales of new cars and trucks collapsed in the U.S.

But Toyota's decision to build Corollas there comes just weeks after announcing the sale of a California plant that also built the compact sedans.

To the United Auto Workers Union, the key difference was the California plant was unionized, while the Mississippi plant — like the rest of Toyota's U.S. factories — isn't.

The California plant, called New United Motor Manufacturing Inc., or NUMMI, was a joint venture with General Motors Co. Toyota closed its doors in April after GM pulled out of the venture under bankruptcy protection last year.

UAW President Bob King pledged to step up efforts to organize nonunion workers at Toyota factories and those run by other foreign automakers in the U.S. King, who was elected to head the union this week, used his acceptance speech on Thursday to accuse Toyota of shifting jobs to a location where it can pay lower, nonunion wages. He also said the move was designed to scare workers at Toyota's other U.S. factories.

"We're going to pound on Toyota until they recognize the First Amendment rights of those workers to come into the UAW," King said at the UAW national convention in Detroit.

King pledged a banner campaign at Toyota dealerships to tell customers that Toyota puts profits before people.

The mood was more sanguine among residents of the Mississippi locale hosting the factory. During a celebration hosted by the automaker in Blue Springs, near Tupelo, the crowd cheered whenever Gov. Haley Barbour or Toyota executives spoke. Barbour called the early morning phone call he received informing him of Toyota's

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decision to open the plant "the best wake-up call I ever had."

"It's a great day for everybody in Mississippi," he added.

The factory will bring badly needed jobs to Mississippi, where the unemployment rate stood at 10.7 percent in April, the most recent figure available. The rates in the three-county area around the plant are all slightly higher.

Union County Supervisor Benny Rakestraw, among several hundred at the celebration, said the plant is going to help the local economy in his county, which lost a furniture plant last week.

"This means everything. It's going to help the economy come back. It is just amazing," Rakestraw said.

King's attacks against Toyota follow an election in which critics accused him and predecessor Ron Gettelfinger of making too many wage and benefit concessions to automakers when they restructured last year.

Toyota denied King's contention that it was not looking out for its workers.

"Our goal is to provide a safe work environment and good pay and benefits, and we work hard to manage our business with employment stability in mind," said Toyota spokesman Mike Goss. "Any decision about representation is up to our team members, not the company."

Goss said that Toyota closed NUMMI, which employed 4,700 people, because it could not afford to run the plant alone after GM withdrew. He said labor costs were not a significant factor. Toyota sold the plant last month to Silicon Valley startup Tesla Motors Inc.

Toyota also said a revival in the auto market is behind its decision to restart construction at the Mississippi plant. Toyota's announcement came the same day that General Motors Co. said it planned to keep most of its factories in the U.S. open through the normal two-week summer shutdown to meet higher demand.

The Detroit company said keeping open nine of its 11 assembly plants open will allow it to build 56,000 high-demand vehicles.

Thursday's announcement that the Mississippi plant will build Corollas — Toyota's No. 2 seller in the U.S., behind the Camry — marks yet another shift in plans for the plant. Initially, Toyota wanted to build Highlander SUVs there. But in mid 2008, as fuel prices soared above \$4 a gallon and hybrid sales soared, Toyota said the plant would produce the Prius instead.

The plant should be flexible enough to build both Corollas and Priuses if Toyota chooses to build both models there, said Erich Merkle, president of the consulting firm Autoconomy.com. Toyota said the Mississippi site will build 150,000 Corollas a year. Toyota currently builds Corollas at factories in Ontario and Japan.

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According to Yoshimi Inaba, president and chief operating officer of Toyota North America, more than 30 million Corollas have been sold worldwide since the vehicle was introduced in 1966. He said north Mississippi was selected as the plant site because it is centrally located to suppliers. Toyota officials also credited the skilled work force in a region that was once a strong furniture-making market.

The state committed \$294 million to the project to assist with site preparation, infrastructure and training.

Toyota has been working to patch up its reputation in the U.S. following its recalls of more than 8 million vehicles over reports of unintended acceleration.

U.S. authorities slapped Toyota with a record \$16.4 million fine for acting too slowly on the recalls. Toyota dealers have so far installed fixes on millions of vehicles, but the automaker still faces more than 200 lawsuits tied to accidents, the resale value of Toyota vehicles and the drop in the company's stock.

After its recalls, the company announced a slate of generous incentives designed to revive sales, including zero-percent financing across most models and two years of free maintenance. The promotions sent Toyota sales soaring in March and April, but sales last month lagged the industry.

Toyota's sales are up 10.5 percent in the U.S. so far this year, according to Autodata Corp. But that lags industrywide gains of 17.2 percent. Still, for the fiscal year ended March 31, the automaker made a profit following the worst loss in its history the previous year.

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AP Business Writers Yuri Kageyama in Tokyo and Sheila Byrd in Blue Springs, Miss., contributed to this report.

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