

# Chrysler, UAW Agree On New Contract

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DETROIT (AP) — Chrysler Group LLC and the United Auto Workers negotiators agreed on a new four-year contract early Wednesday that creates 2,100 new jobs.

Chrysler also will invest \$4.5 billion in its plants under the deal, which covers 26,000 U.S. workers.

"This agreement is the latest in a remarkable turnaround for Chrysler," UAW Vice President General Holiefield said in a statement. This is the first contract agreement reached since Chrysler's government bailout and bankruptcy two years ago, and the first since Chrysler has been managed by Italian automaker Fiat SpA.

The agreement must still be ratified by Chrysler's workers.

The union gave few other details. It's expected to reveal more at a news conference scheduled for 11:30 a.m. EDT.

The agreement is expected to be similar to deals reached earlier with General Motors Co. and Ford Motor Co., but probably less rich. GM and Ford both made billions of dollars last year, while Chrysler lost money.

At both GM and Ford, most workers will get profit-sharing checks instead of annual raises. GM workers were given \$5,000 signing bonuses while Ford workers have been promised \$6,000 signing bonuses. GM workers ratified their agreement last month. Ford workers are still voting.

Chrysler and the union have hit a number of stumbling blocks during negotiations. As the original deadline to reach a new contract approached in mid-September, Chrysler CEO Sergio Marchionne sent an angry letter to UAW President Bob King, accusing him of failing to show up at a meeting to finalize the deal. The two sides eventually agreed to extend the contract to Oct. 19.

Late last week, three money issues separated the company and the union: The size of signing bonuses and profit-sharing checks and a cap on the number of entry-level workers that Chrysler could have.

The union wanted to cap the number of entry-level workers at 25 percent in 2015, while Chrysler wanted no limit, said two people briefed on the talks who asked not to be identified because the negotiations are private.

Entry-level workers make \$14 to \$16 per hour, about half the wage of longtime UAW workers. The union wants the lower-paid workers to move up to the higher wage of around \$29, while the company wants to control costs by paying more workers at the lower rate.

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About 12 percent of Chrysler's 23,000 factory workers now are paid the lower wage, and the carmaker plans to hire thousands more over the next four years as it retools factories to make new models. Ford agreed to a 20 percent cap, while GM's limit is 25 percent.

The UAW also represents 3,000 salaried workers such as engineers.

Marchionne has been tough on Fiat's Italian unions, challenging the Italian way of negotiating new contracts and seeking plant-by-plant deals in a bid for more flexible work rules instead of the traditional national contracts.

In the process, he has run up against fierce resistance from the FIOM metalworkers union. FIOM is planning a one-day strike at all Fiat plants on Oct. 21.

Chrysler, which has been majority-owned by Italy's Fiat since July, is still struggling to make a profit. The company earned \$116 million in the first quarter, its first quarterly net profit in five years. But it lost \$370 million in the second quarter, mostly because of charges for refinancing debt.

Chrysler expects to earn \$200 million to \$500 million this year, excluding the debt charges. If so, it will be Chrysler's first profitable year on that basis since 2005. But the company is earning only a fraction of what its Detroit rivals are.

Ford reported a profit of \$6.6 billion last year, while GM earned \$4.7 billion.

Fiat was given a 20 percent stake in Chrysler by the U.S. government in exchange for management expertise and technology. The Italian automaker has since raised its stake to more than 50 percent.

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