

Ford Workers Ratify New Contract With UAW

Dee-Ann Durbin, Tom Krisher, AP Auto Writers

DETROIT (AP) — Ford Motor Co.'s U.S. factory workers approved a new four-year labor contract Tuesday that promises profit-sharing checks and billions in U.S. plant investments but keeps the company's labor costs under control.

The United Auto Worker talks are closely watched because they set the pay for 112,000 workers at the Detroit Three large automakers as well as workers at auto parts suppliers and at U.S. plants run by non-union foreign automakers.

A local union in Louisville, Kentucky, was one of the last to vote on the contract Tuesday, and its large size ensures that the agreement will go into effect. The workers approved the contract with a 53 percent "yes" vote, according to a post Tuesday evening on the local's Facebook page.

With the Ford vote complete, the UAW has now reached successful agreements with two of the three Detroit automakers. General Motors Co. workers approved a contract similar to Ford's last month. Chrysler Group LLC workers began voting on their agreement Tuesday and expect to wrap up voting next week.

Tuesday's agreement covers 41,000 Ford workers in the U.S.

Ford promised \$4.8 billion in new investments in its U.S. plants and 5,750 new jobs.

There was no immediate comment from the UAW or from Ford. Several small union locals were still reporting results Tuesday night, and the UAW was expected to wait until they reported to declare final results.

Ford and the UAW reached the agreement on Oct. 4 but workers had to ratify it with a majority vote.

Most workers won't get annual raises under the contract, but they will get profit-sharing checks, inflation adjustment payments and other bonuses worth at least \$16,700 through 2015.

Despite the payouts, analysts expect a minimal impact to Ford's labor costs, in part because most of the new workers will be hired at lower wage rates than the company's longtime workers. Brian Johnson, an auto analyst with Barclays Capital, estimates the contract will add around \$70 million to Ford's labor costs each year. If large numbers of older workers leave the company, Ford will spend even less, he said.

Johnson said Ford could see immediate benefits in the form of a ratings upgrade, which would help lower its borrowing costs. Standard & Poor's Ratings Service has said it expects to raise Ford's corporate credit rating to "BB+" — which is one notch

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below investment grade — if the labor agreement is ratified and is competitive with agreements at GM and Chrysler.

Ford shares rose 3 percent, or 38 cents, to close at \$11.78 Tuesday.

Workers who opposed the Ford deal were angry that the contract doesn't give back some of the things they lost in previous agreements, including annual raises, cost-of-living increases and additional holidays. They also were mad about Ford CEO Alan Mulally's \$26.5 million pay package for 2010.

UAW President Bob King said he understood workers' anger, and pointed out that UAW workers haven't gotten annual raises since 2003. But he said last week that he was confident all three agreements will pass because of the jobs they promise. When the 5,750 jobs in Ford's new contract are added to 6,250 Ford already announced, the company is adding 12,000 jobs to its U.S. facilities by 2015.

Chrysler's agreement is less generous than GM's or Ford's, in part because it's not yet making a profit. Ford earned \$6.6 billion in 2010.

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