

# GM axes more auto jobs in South Korea

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General Motors Korea announced late last month that it plans to eliminate 1,100 positions—an entire shift—from its Gunsan factory in North Jeolla Province. GM will also halt sales of its Chevy cars in Europe by the end of 2015, part of an overall global assault on auto workers' jobs, wages and conditions by companies like GM, Hyundai and Toyota in pursuit of ever greater profits.

GM Korea is already imposing another round of so-called “voluntary” retirement schemes for some 6,000 salaried workers—the fourth round since 2009. A GM Korea official stated: “Like the recent decision on a Europe pullout, the retirement program is aimed at improving our revenue structure.”

These moves are taking place as the auto industry in Australia is being dismantled, where GM Holden, Ford and Toyota have all announced that they plan to end production by 2016 or 2017. This is a serious warning to workers in countries like South Korea and Japan where they face similar mass job losses, coupled with demands for the gutting of wages and conditions.

GM has threatened to pull out of Korea altogether. In December 2012, speculation that GM would move production of its Chevy Cruze model to Europe brought fears of impending jobs losses for the Gunsan plant, where the Cruze is produced. Last May, GM's then CEO, Dan Akerson, in a meeting with South Korean President Park Geun-hye demanded that her government lower wages or GM would end production in the country.

GM has reportedly concluded that Korea has lost its export advantage due to Japan's weakened yen. Suh Sung-moon an auto analyst from Korea Investment and Securities stated: “For GM, Korea is becoming less attractive as it is a small market with domestic demand of 1.5 million vehicles and with militant unions. It is not different from Australia. GM has said rising labor costs and currency volatility are major obstacles to its

investment in Korea.”

While big business is demanding that the main auto union, the Korean Metal Workers Union (KMWU), do more to rein in workers, it has in fact consistently blocked any struggle of workers against the elimination of jobs. With the formal announcement of GM's plans for job cuts, the KMWU, which is affiliated to the Korean Confederation of Trade Unions, dutifully stepped in to quell any outcry from workers.

Following a meeting between GM and KMWU officials on January 26, the company announced that it may reconsider some of the job cuts. However, any negotiations between the company and the union will be over how to cut labor costs while increasing production. According to *Business Korea*, a KMWU official said after the meeting: “Job cuts are inevitable because of reduced production. We will settle the situation through negotiations.”

This has long been the role of the KMWU. During the summer of 2012, the union held a series of partial strikes at GM Korea, Hyundai and KIA, ostensibly demanding higher wages. In reality, the union ended the strikes after agreeing to enforce speedups that would offset the costs of meager wage increases. Similar partial strikes were held at Hyundai and KIA last summer as well, and another is planned for February 25.

These types of stoppages are designed to limit the damage to the companies while providing a safety valve for workers' frustration and anger. At the same time, the union isolates workers at different companies, as well as regular and irregular workers within the same company. Irregular workers are those employed without contracts, earning far less in wages while performing the same or more difficult work than their full-time colleagues. GM's Gunsan plant employs about 1,100 irregular workers, who are likely to be the first targets of the layoffs.

As these workers face the possibility of instant termination, some suffer from stress-related depression that can result in suicides. Last April, a 29-year-old irregular Hyundai worker surnamed Gong ended his life after being fired three months earlier so that the company could avoid converting him to full-time status.

The KMWU is now in negotiations with the auto companies over imposing a two-tier wage system—slashing the wages of new employees—similar to that forced on workers at Ford, GM and Chrysler in the United States, all with the aid of the United Auto Workers (UAW).

Hyundai and its affiliate KIA have been considering moving to the two-tier system for some time, plus a “wage ceiling” for experienced workers. In the US, new employees now make as little as \$15 an hour. Labor costs for Hyundai in Korea stand at 24,778 won (\$22.16) per hour according to Reuters, and are 16 percent higher than in the US and triple that in China.

Hyundai, which controls about 70 percent of the Korean auto market, is steadily moving jobs overseas. It now produces only 43 percent of its global output in South Korea, having opened plants in the US, China and Brazil. Following last summer’s partial strikes at Hyundai and KIA, Hyundai announced that it would set up a parts plant in the US state of Georgia.

Like their counterparts in the UAW and auto unions internationally, the KMWU functions as an agency for assisting the auto giants to slash their costs, in the name of “global competitiveness,” thus pitting workers in each country against their fellow workers worldwide in a never-ending downward spiral.



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