

Ford moves to take over Kia Motors

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4 July 1998

The wave of mergers in the car industry has spread to South Korea, sparking a heated battle between Ford and the country's two largest car makers, Hyundai and Daewoo, for control of the failed Kia Motors. Kia was placed in receivership in April, saddled with debts of 10 trillion won (\$9 billion) and owing workers back pay and bonuses.

Ford, which holds a 16.9 percent stake in Kia with Japanese affiliate Mazda, is attempting to raise its share to 49 or 51 percent through the formation of an international consortium. A high-level Ford delegation arrived in South Korea on Monday June 23 and carried out extensive inspections of the Kia plant all week.

In response to Ford's move, Hyundai and Daewoo joined forces to make their own bid, demanding that the Korean government organise a public tender.

Kia managers have said they favour a Ford takeover, believing the US car giant could best restructure the company. But whichever consortium wins, the 14,000 Kia workers will face a further onslaught on jobs and working conditions. Management has already slashed wages by more than 50 percent.

Early last month Kia workers began an indefinite strike to gain lost pay and other entitlements owed to them but were sent back to work by the Kia Motors labour union after the management agreed to pay half the back wages and bonuses, the equivalent to four month's salary.

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