

# Mitsubishi workers in Australian plants face uncertain future

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The future of Mitsubishi's two car plants in South Australia remains uncertain despite plans unveiled last week by the company's Australian CEO Tom Phillips for a revised Magna model to be built in Adelaide as of 2003. Phillips claimed that the plan "guaranteed" long-term job security at the assembly facility at Clovelly Park and the engine plant at Lonsdale.

On March 28, however, Mitsubishi's chief executive officer in Japan, Takashi Sonobe, warned that the Australian operations had done worse than had been expected in the first three months of 2000 and could not afford to post a loss this year. "If the assembly operation remains in the red then it will be difficult for us to continue with it," he said.

Mitsubishi's chief operating officer Rolf Eckrodt, based in Japan, said that a decision would not be made on the future of the Australian plants until May or June. Over 3,200 jobs would be lost if the plants close down, plus many thousands more in associated parts industries.

The threats emanating from Mitsubishi's headquarters in Japan may have been partly aimed at bringing pressure to bear on the state and federal governments in Australia to provide further financial assistance before the company committed itself to retooling its Magna production line.

The South Australian state government faces elections next year and the federal government will go to the polls later this year. Neither wants the closure of a major section of industry hanging around their necks during the campaigns.

Clearly worried, the state government announced this week that it would make another \$20 million loan to Mitsubishi, with half of the amount to be converted to a direct grant if the company "commits itself to base production targets and export numbers."

The federal government is also concerned. Industry Minister Nick Minchen criticised the media for reporting the threatened closure, saying: "I think it is extremely dangerous and ill-advised to be publicly speculating about the closure of the company. If anything it is likely to be self fulfilling, that sort of wild indulgent speculation is based on reckless reports."

But, having attempted to downplay rumours of plant closures, Minchen announced within days that Mitsubishi would receive \$200 million between 2000 and 2005 under the federal government's \$2 billion Automotive Competitiveness and Investment Scheme.

Following the promise of government assistance, Mitsubishi Japan said it would inject \$172 million into its Australian operations. The company put on a show of optimism for the benefit of the media. Workers from the South Australian plants were dragged to a rally, given company baseball caps and led in a Mexican wave by CEO Tom Phillips to the strains of Vanessa Amorosi's song, *Absolutely Everybody*.

Phillips told the assembled crowd: "[T]oday marks the end of uncertainty for Mitsubishi Motors in Australia." Nothing, however, could be further from the truth. Management deliberately keeps the workforce in a constant state of anxiety about the company's closure to compel workers to accept job losses and cutbacks to conditions. In the past 18 months, with the assistance of the trade unions, more than 900 jobs, both production and office staff, have been axed.

South Australia's Premier John Olsen, a member of the conservative Liberal Party, openly acknowledged the crucial role of the auto unions in Mitsubishi's restructuring in a recent address to parliament. He said that union officials "who had worked closely with Mitsubishi management to put in place the company's restructuring also deserved credit."

Despite the government handouts, job cuts and speedup, Mitsubishi may yet decide to shut its Australian operations once it has extracted all the profits it can. The plants in South Australia are small compared to those in other countries and there is already a huge overcapacity in the international car industry. All the major car producers are involved in a process of consolidation, mergers and cost-cutting in order to remain competitive.

The Rover group in the UK has cut over 5,000 jobs from its workforce in recent years. Hyundai has slashed more than 10,000 jobs in South Korea, while Daewoo Motors went into receivership last November with debts of more than \$10 billion. Thousands of jobs have been axed in Daewoo's plants domestically and internationally. Nissan plans to shed 21,000 jobs worldwide by 2003.

Mitsubishi Japan has a \$28 billion debt and recently announced global cost-cutting plans, including the slashing of 6,000 positions. The company is now bracing itself for an expected loss of \$2.16 billion for the year 2000. As far as Mitsubishi is concerned, what happens to the two plants in South Australia is of relatively minor consequence and will be determined by the company's overall plan for survival in an increasingly bleak economic climate.



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