

# South Korean unions enforce new auto productivity benchmarks

Ben McGrath  
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The Korean Metal Workers Union (KMWU) last month shut down a protracted industrial campaign that involved tens of thousands of auto workers, and struck separate agreements with Hyundai, Kia Motors, and General Motors subsidiary GM Korea. The sell-out deals all involved the unions agreeing to enforce production speedups and other productivity measures against the auto workers.

Hyundai, Kia Motors, GM Korea workers staged a series of strikes and stoppages in July, August, and September. The industrial campaign marked the first to affect the major car companies since Ssangyong workers occupied their plant for 77 days in 2009 to defend their jobs, before they were brutally removed by riot police and company thugs.

In mid-July, the KMWU organised a series of partial stoppages at GM Korea, where workers quit production for a few hours. The demands included wage rises, the allocation of a share of company profits for worker bonuses, and the abolition of night shifts. These were followed by similar actions at Hyundai and Kia. A one-day general strike called on July 13 by the KMWU involved 130,000 workers—the largest in the union’s history—provoked a sharp government response. President Lee Myung-bak called an emergency meeting and publicly slandered the striking workers as greedy “labour aristocrats”.

Two weeks later, on July 27, hundreds of thugs armed with clubs and steel pipes from a private security company, Contractus, attacked two separate groups of auto parts workers who were also on strike, employed by Mando Corp and SJM. Contractus has connections to the ruling Saenuri (New Frontier) Party and was

involved in guarding Lee during his presidential campaign in 2007.

The violent attack on striking auto parts workers formed part of the hardline stance adopted by the Korea Employer Federation, which declared the strikes affecting the major car companies “illegal” and demanded government action, including criminal prosecutions of strikers.

Hyundai lost \$US1.5 billion during the strikes, with its August domestic sales plunging by 30 percent year-on-year and exports declining by 31 percent. Similar disruptions were reported at GM and Kia. The crisis confronting the auto makers came amid a rapidly worsening situation across the export-dependent South Korean economy. Economic growth is set to slow to 3 percent or less this year, down from 3.6 percent last year and 6.2 percent in 2010.

The strikes by car workers was finally defeated not through state repression, as demanded by the Korea Employer Federation, but via a sell-out agreement imposed by the trade unions. The powerful Korean Federation of Industries, representing large conglomerates including Hyundai, called for greater “labour-management” cooperation to achieve its central goal of boosting productivity.

The car companies made limited wage concessions. Hyundai and Kia provided a basic pay raise of 5.3 percent and a one-time bonus for each worker of 9.6 million won, equivalent to five-month’s wages. GM Korea workers were given a 95,000 won (\$85) increase in monthly pay.

The car companies also agreed to phase out night shifts. Hyundai and Kia will end production after 1 a.m. from March next year, and GM Korea in 2014. The unions claimed a victory with this outcome, even though the car producers had previously planned to phase out night shifts to boost production and productivity during day shifts. The Lee government had promised to subsidise the companies for a two-year period for each new worker hired to make up for the lost night production.

Under the previous arrangements, Hyundai workers worked an average of 2,678 hours in 2011, 485 hours more than the country's average annual workload of 2,193 hours, which is itself higher than any developed country. Workers have long complained of muscular pains, sleep disorders and disruption of their family life.

The KMWU agreed to new speedup conditions. For example, at Hyundai's plants in Ulsan and Ansan, the current operation rate of 402 units per hour will increase to 432 units per hour to make up for production losses due to shortened hours. Workers will be placed under even greater physical strain.

Higher productivity has been the central demand of the Korean car makers as they struggle to remain competitive amid the sweeping restructuring of the global car production chain that has been underway since the 2008 financial crisis and bankruptcy of General Motors in the US.

Measuring productivity by hours per vehicle (HPV), both the Ulsan and Ansan plants (31.3 HPV) compare unfavourably to Hyundai's factory in Beijing (19.5 HPV) and its Alabama plant in the US (14.6 HPV). While seeking to ratchet up productivity within South Korea, the car producers have rushed to exploit cheaper labour overseas. Only 46 percent of Hyundai's vehicles were made in Korea last year—a sharp decline from 60 percent four years ago and 93 percent in 2000.

The KMWU shut down of the car workers' industrial campaign was an abject betrayal of thousands of temporary workers on the assembly lines. A quarter of the Hyundai workforce in Korea is temporary; the

union's deal with the company involved just 3,000 temporary workers becoming permanent by 2015. The remaining 5,000 temporary workers will continue to have no job security. Their pay is 65 percent of that received by permanent workers doing the same job.

Temporary workers have maintained their demonstrations, despite the end of the union-organised strikes. Two workers climbed an electrical pylon on October 18 at Hyundai's Ulsan plant to protest what they said was Hyundai's illegal refusal to make more workers permanent. The action underscores the reality that the KMWU's agreements with the major car producers have only set the stage for further class conflict.



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