South Korean trade unions hold partial auto strikes

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South Korean autoworkers at Hyundai and its affiliate Kia are holding limited strikes, demanding improvements to wages and benefits. The strikes, organised by the Korean Metal Workers Union (KMWU), began on August 20, amid an offensive by the global auto corporations internationally on wages and conditions.

South Korea's auto industry has been hit by falling global demand, and intensifying competitive pressure from Japanese rivals as a result of Tokyo's aggressive monetary easing policy that has depreciated the value of the yen.

The American transnational GM, which produces two million automobiles a year in South Korea, has threatened to shut down its operation, claiming local wages are "too high." GM is restructuring its production on a global scale to exploit ever-lower wage benchmarks, such as those set in China and India.

The KMWU, part of the umbrella Korean Confederation of Trade Unions (KCTU), has no intention of mounting any serious challenge to management. The union's immediate role is to ensure that the Hyundai and Kia stoppages are the least disruptive, with workers only halting work for a few hours during the day and night shifts. Hyundai workers have held seven partial strikes, while workers at Kia have held four.

Throughout the campaign, the KMWU has continued to negotiate with management, with more partial strikes scheduled this week.

More than 86,000 workers employed at Hyundai and Kia overwhelmingly voted to strike. Among the demands being raised are a 130,494 won ($117) a month pay increase, bonuses set at 30 percent of Hyundai's 2012 net profits, which totalled 9 trillion won ($8.17 billion), and 10 million won for the children of auto workers who elect not to attend university. Currently, Hyundai pays tuition for those studying at universities.

The government, management and the media have joined in a campaign to vilify the autoworkers as "labour aristocrats" and "privileged." The media is generally using a headline figure that autoworkers make as much as 94 million won ($84,000) in annual salaries. Yoo Kyung-joon of the Korea Development Institute declared: "How could they demand more, even though they are the best treated in the industry? They should also consider the market conditions that the firm faces."

In reality, according to Jobs Korea, an online job search portal, new employees in the Korean auto industry earned an average of 34.94 million won annually last year. *Bloomberg News* reported last year that workers at Hyundai on average earned 45 million won a year.

None of these figures take into account the fact that the Korean auto industry is moving toward a two-tier wage system similar to those imposed by the US auto "Big Three" (GM, Ford and Chrysler) after the 2009-10 restructuring orchestrated by President Barack Obama and the United Auto Workers (UAW), which produced massive job cuts and reductions of workers' incomes.

Irregular workers—Hyundai employs roughly 8,000—typically endure wages 55-60 percent below those of regular workers. Some make at or near the current minimum of 4,860 won an hour while being forced to perform more difficult and demanding jobs. These workers have also been engaged in protests against their conditions. However, the KMWU has kept their struggles separated from those of the regular workers. Irregular workers walked out at Hyundai's

Ulsan plant on August 14, without any support from the KMWU branch covering the regular employees.

Such partial strikes are designed to allow workers to let off steam, while allowing the union to enforce the same low wage structure on Korean autoworkers that the UAW forced on workers in the United States. Similar partial stoppages at Hyundai, KIA and GM Korea from last July through September became the costliest in South Korea's automotive history. In the end, Hyundai and Kia managements agreed to meager concessions while the unions promised to enforce speedups and meet higher production demands, negating the concessions.

While still enjoying high profits—in the second quarter of this year Hyundai made a near-record 2.52 trillion won—Korean auto companies are bracing for a slump. Japanese rivals have eroded Hyundai's world sales. In the United States, Hyundai's market share fell to 8.7 percent as of July, compared to its record 9.6 percent last year, largely because the won rose 9 percent against the weakening yen, and is expected to rise further later this year.

Even Hyundai's domestic market share is expected to remain stagnant despite plans to introduce new models next year.

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As a result, the auto companies are demanding lower labour costs and threatening to shift production overseas. Hyundai already produces about 60 percent of its cars overseas. Hyundai used the latest stoppages as an opportunity to announce plans to open a parts factory in the American state of Georgia. A Hyundai official stated: "If labour disputes keep causing serious delays in manufacturing, we have to increase the volume of overseas production."

Last year, GM Korea began offering its office employees buyouts, raising fears that GM was planning to pull out of the country. In May, while meeting with President Park Geun-hye, GM CEO Dan Akerson demanded that her government step in to reduce wages, with the implicit threat of ending production.

Now it has been reported that GM is planning a gradual pullout. A GM official involved in the plans was quoted in the media as saying: "We need to make sure we mitigate risk in (South Korea), not over the next 2-3 years but over time, not to become too dependent on one product source."

In response to GM's planned pullout, union spokesman Choi Jong-hak stated: "Korea has an edge in cost compared with the likes of Australia and Germany." In reality, GM is carrying out attacks on Australian and German workers, with similar moves to shut down plants unless workers accept cuts to wages and conditions to lower labour costs by 20 percent or more.

Like its trade union counterparts in Australia, Germany and internationally, the KMWU's perspective is to actively enforce the auto companies' agenda to slash wages and conditions, effectively pitting workers against their colleagues in other countries in an endless downward spiral.

The financial elites have already worked out how much must be cut. According to Chung Sung-yop of Daiwa Securities, Hyundai's Korean labour costs in 2012 were 24,778 won an hour per worker, compared to 21,422 won at its US factory, and just 7,711 won at its Chinese plant. China's cheap labour regime is the benchmark that must be imposed.