South Korean auto workers hold first strike of the year

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Workers in South Korea's auto industry are preparing for another round of limited strikes this summer. Votes were held last week at Renault Samsung and GM Korea, where workers overwhelmingly endorsed walkouts at both companies. They are demanding better wages and other benefits. The unions for Hyundai and KIA are also currently negotiating with management, with the possibility of strikes.

On Monday, with 90.7 percent in support of a walkout, workers at the Renault Samsung plant in Busan held a two-hour partial stoppage during the afternoon shift, costing the company approximately 80 vehicles in lost production. It was the first strike held at any auto company this year. A majority of the workers at the Busan plant are represented by the Renault Samsung Motors Trade Union.

Workers are demanding a 119,700-won ($US117) monthly wage increase. The media typically claims auto workers in Korea earn around 90 million won ($87,000) in annual salaries. In reality, wages are less than half that, with some irregular workers making the minimum wage, which is just 5,210 won or $4.57 per hour. Workers are also demanding 200 percent bonuses, and guarantees that they can take their vacation days as guaranteed by law. In South Korea, employers throughout various industries often intimidate their workers to prevent them from taking vacation days.

Renault Samsung is the Korean branch of French auto manufacturer Renault. A company official stated: "Official talks that took place last Tuesday through Friday made little headway, with unionists and management unable to find compromise on basic wage hikes, bonuses and vacation time issues."

The company is clearly concerned over the impact of additional strikes. Renault Samsung's public relations manager stated: "By the numbers, it's not a lot of damage. However if they go on strike again on a bigger scale, that could be another matter." Precisely for this reason, the union has not planned additional strikes as yet.

Despite no concessions being offered by the company, the union agreed to restart negotiations on July 17. A union official said it would decide whether to carry out additional strikes following the negotiations.

Renault Samsung's union has a history of betraying its members in order to impose the company's demands. "Since 2012, at the management's request, we agreed to a two-year freeze on wages as well as limiting employee welfare," union leader Go Yong-hwan said.

The union staged partial strikes last summer, similar to Monday's walkout. These stoppages are designed to disrupt the company as little as possible, while providing a safety valve for the release of auto workers' frustration.

Negotiations are taking place throughout South Korea's auto industry. Workers at GM Korea also voted to strike, with 69.3 percent of its 14,016-member union approving a walkout. However, no actions have been announced.

Workers are demanding a change to their contracts following a court ruling last year that changed the definition of "ordinary wages." These wages are used to calculate benefits like overtime and severance pay. While GM Korea has been pressuring the government to handle the issue in its favor, the Supreme Court ruled last December that bonuses should be included as ordinary pay, which would increase workers' benefits.

However, in a decision that essentially reversed its previous one, the Supreme Court ruled in May, in

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response to a lawsuit by five GM workers, that GM Korea did not have to pay workers the additional wages. The court claimed that since the company and union had previously reached an agreement with the understanding that ordinary wages would not include bonuses, requiring the company to pay the additional wages would be a violation of “good faith” negotiations.

Workers are also concerned about job cuts. Last December, GM announced it would stop sales of Chevy models in Europe by the end of 2015. GM Korea, which produces most of the Chevy models sold in Europe, is planning to reduce production at its Gunsan factory in North Jeolla Province. As many as 1,100 jobs are threatened. The Korean Metal Workers Union (KMWU), which represents the GM workers, has backed the job cuts.

GM Korea CEO Sergio Rocha is threatening workers with additional job cuts if they do not accept management’s conditions. Following GM’s announcement on Chevy sales in Europe, exports over the first half of this year fell by 34.6 percent from the previous year.

The KMWU, which represents workers at Hyundai and KIA as well as GM Korea, is the largest union within the Korean Confederation of Trade Unions (KCTU). No less than auto unions in the United States or in Australia, the KMWU is effectively a company union, working to ensure the “competitiveness” of the Korean auto industry.

At Hyundai, workers are demanding that bonuses be included as regular wages, as well as a 150,000 won monthly increase. Hyundai has rejected the demand, and has also been considering a two-tier wage system similar to the one that the auto companies and the United Auto Workers union imposed on autoworkers in Detroit.

For the time being, Hyundai has maintained that it wants to keep manufacturing positions in Korea. However, Hyundai is expanding its presence overseas. Today, domestic production in South Korea is only 43 percent of a decade ago. The company is planning a new plant in China if approved by the Chinese government. Hyundai and its sister company KIA are also considering increasing capacity in their US plants, in Alabama and Georgia respectively.

During his visit to Seoul earlier this month, Chinese President Xi Jinping met with business officials including Hyundai head Chung Mong-koo, who implored the Chinese government approve the factory at Chongqing. Xi reportedly said he would consider Chung’s request.

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