Hyundai autoworkers' union in South Korea imposes sellout contract

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Hyundai Motors workers in South Korea voted last week to approve a new contract, one ultimately imposed by management and the union bureaucracy, ending a protracted contract dispute that involved repeated partial strikes and disruptions to production. The results of the dispute demonstrate both the workers' desire to fight as well as the necessity for a break with the union bureaucrats whose role has been to limit any industrial action.

The vote on the agreement took place on August 31 with the Korean Metal Workers' Union (KMWU) announcing the results the following day. The vote was close, indicating significant opposition. Of the 31,166 workers who cast ballots, 19,183 voted in favor while 11,914 workers voted against and there were 69 invalid votes. With a total membership of 39,668, a significant number of workers abstained.

After more than 90 percent of the union voted to strike in June, many workers simply did not have any faith in the KMWU after weeks of partial strikes that in all amounted to only 120 hours. These walk-outs began on July 13 during which workers were kept on the job for most of this period to minimize the impact on the company. This has been the longstanding modus operandi of the KMWU as well as the Korean Confederation of Trade Unions (KCTU) to which the former belongs.

On August 21, the union carried out eight-hour strikes during both the day and night shifts, the first such walkout at the company in a decade. The KMWU called this walk out not because it was waging a genuine struggle but felt the need to allow workers to let off steam as it prepared its final sell-out.

The agreement includes a 100,000 won ($US74) monthly increase in base pay, close to the company's offer of 80,000 won and far from the 149,600 won the union initially demanded. Workers will also receive a so-called "performance" payment equivalent to 400 percent of base monthly wages, together with an additional 12.7 million won ($US9,442) payment. Hyundai rejected the union's demand for an increase in separate regular bonuses.

These additional "performance-based" bonuses are subject to manipulation. But they are an integral part of workers' annual income, which includes a base average pay of 40.45 million won ($US30,074) in addition to the bonuses. The union calculated the settlement's total value at 40.84 million won ($US30,364) per worker, including the effect of the basic-wage increase. The company has not publicly provided its own estimate of the final agreement's value.

However, in the past, the union has made similar declarations. In 2024, the union claimed the contract negotiated for that year would net additional compensation of more than 50 million won ($US37,174) per worker while a Hyundai insider leaked to the press that the agreement would only be around 10 million won ($US7,435).

Additionally, management also supposedly agreed to hire 500 additional production workers, though nearly 10,000 jobs have been slashed at Hyundai over the past decade. Under the deal, 200 will be recruited during the second half of 2027, followed by another 300 in 2028. On the retirement age, the two sides agreed that the current age of 60 would be extended to 65 if relevant legislation is changed. Workers support the measure as Hyundai and many other companies force older and better-paid workers out before they are eligible to receive their pension.

In reality, the expansion of hiring and protection for older workers have been put off for the future, pledges that in reality are not worth the paper on which they are printed.

The KMWU moved to shut down the partial strikes as they began to have an impact on the company. Industry estimates put the resulting production losses at approximately 55,200 vehicles, with lost sales exceeding 2.3 trillion won ($US1.7 billion). At the same time, workers in other industries were also moving into struggle.

Workers in South Korea face stagnating and declining real wages. This year, real wages decreased for workers for three consecutive months from April to June. In a report released on Monday, the Korea Development Institute stated that “despite the recent economic improvement, the real wage growth rate has remained in the 0% range, restraining a recovery in consumption.” Wages in fact have significantly stagnated or declined for years as a result of the COVID-19 pandemic and the wars in Ukraine and the Middle East.

The KMWU never intended to wage a genuine struggle at Hyundai. Its history is filled with countless betrayals carried out on behalf of big business. Within the auto-industry this year alone, Kia workers had voted to authorize strike action after negotiations over wages and other issues stalled. Partial strikes were scheduled for August 26 to 28, but the union reached a tentative agreement with management on August 25 and withdrew the planned action, isolating workers at both companies and enforcing a similar deal as that at Hyundai. It was the sixth consecutive year at Kia without a strike.

At shipbuilder HD Hyundai Heavy Industries, the KMWU branch voted to authorize strike action after management failed to meet its request for a 149,600 won monthly base-pay increase and a share of at least 30 percent of operating profits. Workers began a series of partial strikes on September 2, with a four-hour stoppage involving the entire membership planned for September 15.

The simultaneous disputes expose the divisions imposed by the KMWU bureaucracy. Hyundai Motors, Kia, and HD Hyundai Heavy are major industrial employers whose workers confront many of the same problems: stagnant real wages, the intensification of production, and the threat of job losses posed by automation and restructuring.

Until 2025, the Hyundai KMWU imposed new contracts on workers for seven straight years without calling a strike. In 2020, when the COVID-19 pandemic broke out, the KMWU imposed wage freezes on workers for the first time since the 2009 global financial crisis. When big business is in trouble, the unions step in to impose the burden on the working class.

The KCTU as a whole follows this line. During the December 2024 attempted coup by the now-jailed former president Yoon Suk-yeol, a wave of strikes was on the verge of breaking out. In collusion with the Democrats, now in power, the KCTU called token protests before shutting down strikes or blocking new ones from taking place.

At the end of 2022, a major strike by truck drivers was betrayed by a KCTU-affiliated union at a time when the action was having a significant impact on big business and with none of the drivers’ demands being met. At the same time, the KCTU refused to call out workers in other industries in the drivers’ defense.

The KMWU and KCTU function as industrial police for corporates and the government. The enormous industrial power represented by the South Korean working class is broken up into isolated disputes that management can contain. Workers should form rank-and-file committees and take their struggles out of the hands of these union bureaucrats to carry out a real fight to protect their jobs and living conditions.