

UAW-Detroit Three Negotiations

What to expect in 2023

MEMA OE SUPPLIER RISK REVIEW

14 JULY 2023

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Today's Roadmap



Typical negotiations process
Recent UAW-D3 history
Context for this year's talks
Summary



TYPICAL PROCESS

Pattern bargaining:

- Same basic economic terms at all three companies
- Does not allow companies to compete on differential language
- Companies can compete on differential demographics/ business decisions
- Companies are often in different financial circumstances
- Set a pattern at first company that can be stretched or shrunk to fit the other two— and get ratified



TYPICAL PROCESS



GENERAL MOTORS



How UAW negotiations normally work

July: Handshakes & formal opening

July-August: Committees review boilerplate

August: Union takes a strike vote

TYPICAL PROCESS



How UAW negotiations normally work

Labor Day: Parades & pick target

Early September: Principals meeting/
Economic talks

September 14th: Contracts expire

TYPICAL PROCESS



How UAW negotiations normally work

1

Tentative
Agreement
Ratification
Contract

2

Extend
Contract
& Keep
Talking

3

Strike

Lather *Rinse* Repeat



How UAW negotiations are going this year

RECENT HISTORY

The corruption & financial crimes led to a January 2021 Consent Decree & installation of a Federal monitor to oversee the UAW through January 2027

UNITED STATES OF AMERICA,

Plaintiff,

v.

Case Number 20-13293

Honorable David M. Lawson

INTERNATIONAL UNION, UNITED
AUTOMOBILE, AEROSPACE, AND
AGRICULTURAL IMPLEMENT
WORKERS OF AMERICA,

Defendant.

CONSENT DECREE

The government has filed a civil complaint, and the parties have submitted a proposed consent decree stating their stipulation to the following facts and circumstances.

The defendant union acknowledges that there have been criminal convictions, allegations, sworn testimony, and judicial findings of past problems with fraud, corruption, and criminal conduct by certain officials within the UAW and certain of its related entities. By bringing certain criminal prosecutions and related proceedings, the United States has halted and punished past fraud, corruption, and criminal conduct, and the parties enter into this agreement to ensure that no further unlawful activity occurs.

The United States and the UAW agree that it is imperative that the UAW, as one of the largest trade unions in the world, be free of such criminal conduct, that every aspect of the operations of the UAW and its constituent entities be conducted with integrity and for the benefit

RECENT HISTORY



Detroit Free Press

UAW to bring militant negotiations like Detroit Three haven't seen in years, experts say

Jamie L. LaReau and Eric D. Lawrence Detroit Free Press
Published 6:07 a.m. ET March 27, 2023 | Updated 12:07 p.m. ET March 27, 2023



MOTHERBOARD
TECH BY VICE

First Directly Elected UAW President Vows 'War Against Our One and Only True Enemy: Multibillion Dollar Corporations'

Shawn Fain, running as part of a reform slate of candidates, swept the ballot to take control of a union that has been marred by corruption.

By Aaron Gordon



4 minute read · March 27, 2023 6:58 PM EDT · Last Updated 2 months ago

New UAW leader tells automakers: 'Our membership is fed up'

By Joseph White and David Shepardson



Fain: Workers left behind in EV transition

Labor Voices

Published 8:00 p.m. ET May 9, 2023 | Updated 12:08 a.m. ET May 10, 2023

RECENT HISTORY

2005-2019 UAW-D3 Contracts

2003 Cuts, Cuts, Cuts

2-year base wage freeze; 2% raise year 3, 3% raise year 4

Close 11 plants; agree to sell 7 more

Divert COLA to health care costs

Increase drug co-pays

2005 Concessions Revisited

Rising legacy costs
Company-run retiree health care VEBA @ GM & Ford

2007 Enter Second Tier

4-year base wage freeze (lump sums in last 3 years: 3%, 3%, 4%)

Increased pension

All three → UAW-run retiree health care VEBA (cash funded)

New workers have lower wages, less health care coverage, no pension, no retiree health care

Product commitments/ investment to signal job security

Close 8 plants

2009 Bankruptcy Rounds

Government involved with GM & Chrysler rescue plans: mandate cost-competitive with internationals

No strike clause (until 2015)

Restructured VEBA funding (equity for cash)

Legacy buyouts/early retirement

Suspended lump sums, COLA, jobs guarantees

Lost a holiday

Lost Legal Aid benefit

2011 Government Constraints

Can't strike
No raises for legacy
Legacy buyouts
2nd tier \$16-19/hour over 4 years

Eliminated job security program

COLA remains suspended

No pension increases

Product commitments/ investment to signal job security

Revamped profit-sharing formula

Improved health care

2015 Status Quo*

3% raise, 4% lump, 3% raise, 4% lump, for legacy workers (1st wage increase since 2006)

More legacy buyouts

Health care plan equity across legacy & >2007 hires at Ford & GM

Won back 1 holiday & Legal Aid

COLA language eliminated in all but GM contract

2019 40-Day GM Strike

3% raise, 4% lump, 3% raise, 4% lump, for legacy workers

2nd tier have 8-year grow-in to top legacy wage (but still many wage rates)

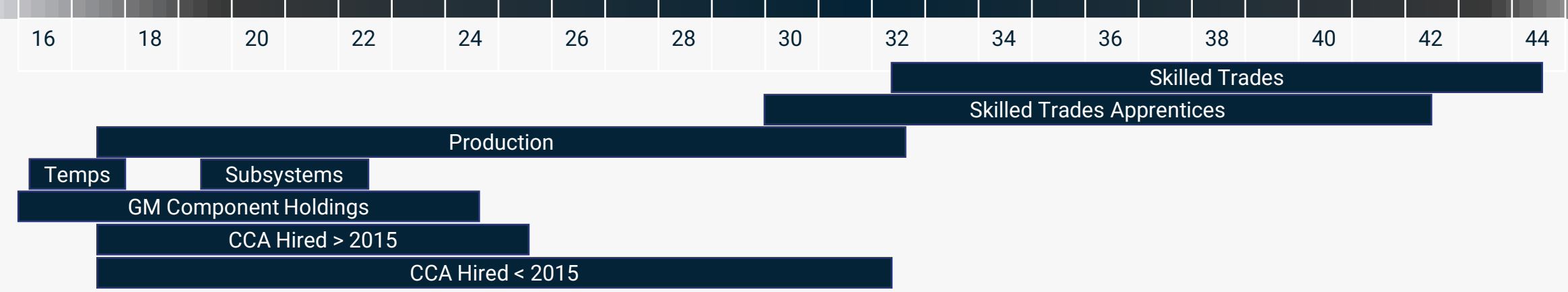
Temporary workers with 2+ years become permanent at Ford & GM (preferential hiring at Stellantis)

More legacy buyouts

Health care plan equity at Stellantis

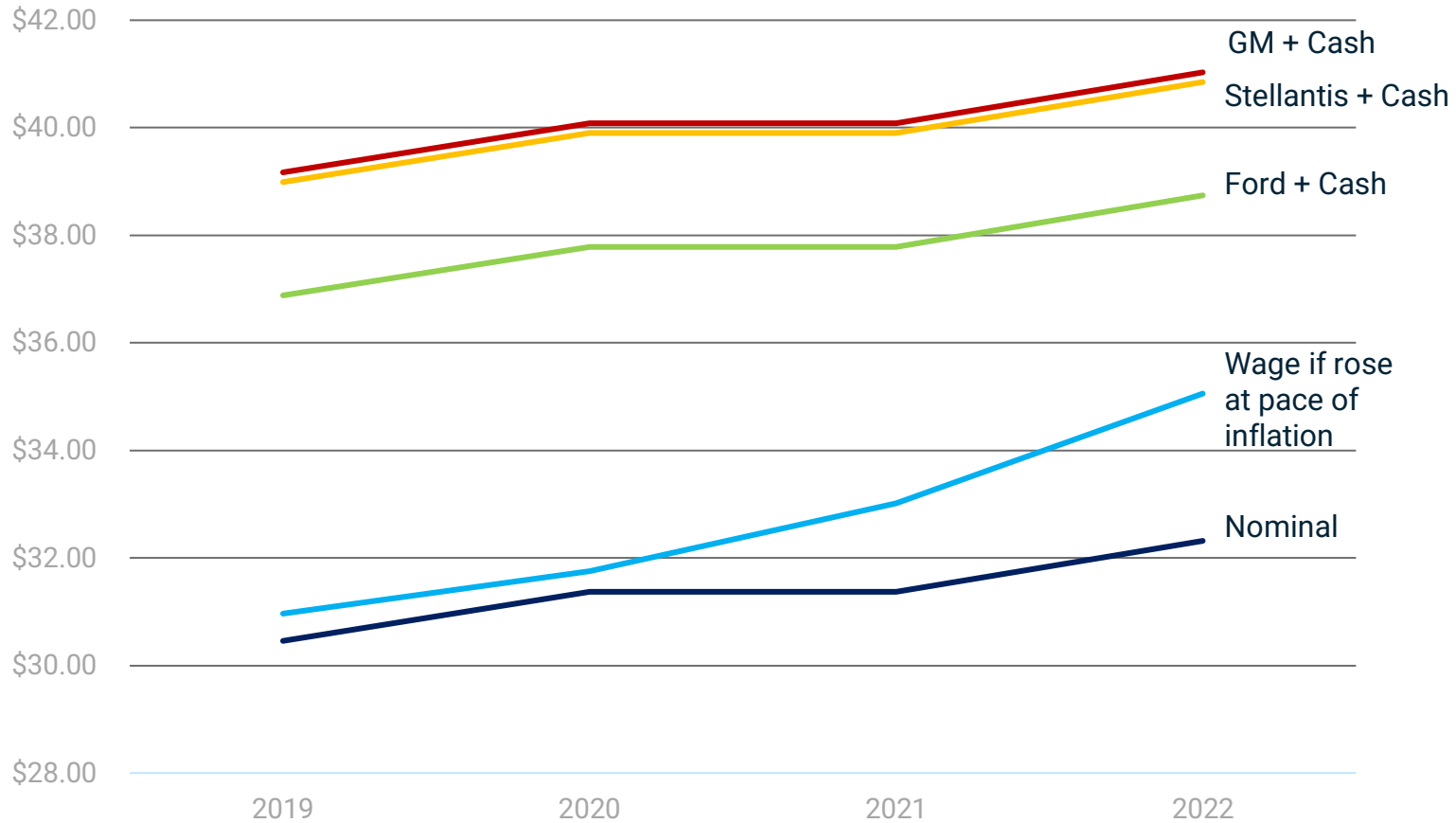
2023: Many Worker Tiers & Pay Ranges

Hourly Wage Ranges in Dollars, 2023



RECENT HISTORY

Inflation eroded UAW top production worker wages ...but cash in the contract more than made up for it



“Cash” is the sum of:

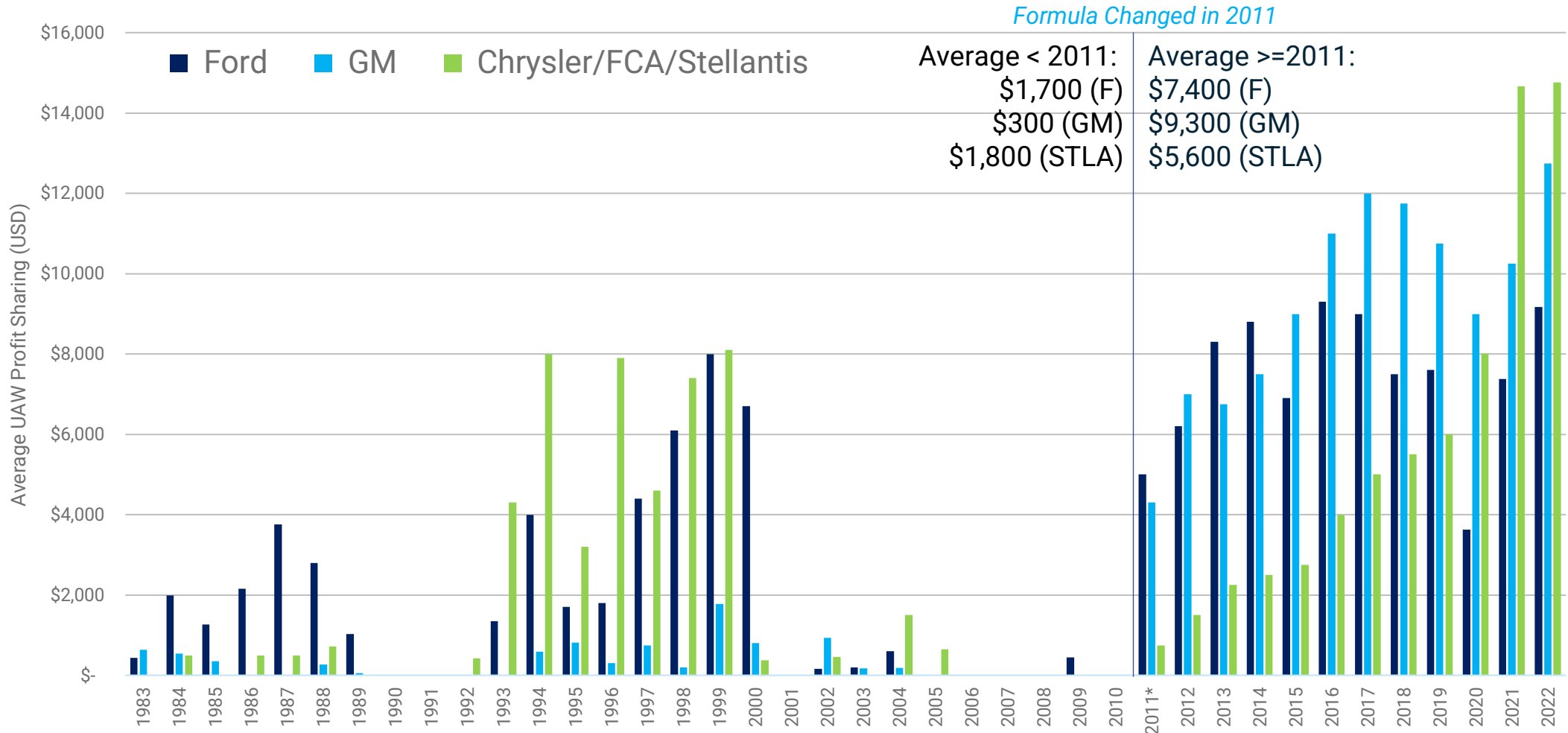
- Signing bonus (\$9-11K)
- 4% lump sum bonus in years 1 & 3
- Annual inflation protection lump sums (\$1,500)
- Profit sharing (\$28K-\$43K)

Divided by average number of hours worked * 4 years

= + \$6.42-\$8.71/hour

RECENT HISTORY

1983-2022 Ford, GM, & Stellantis Average UAW Profit Sharing



Source: Compiled based on historical press and financial reports

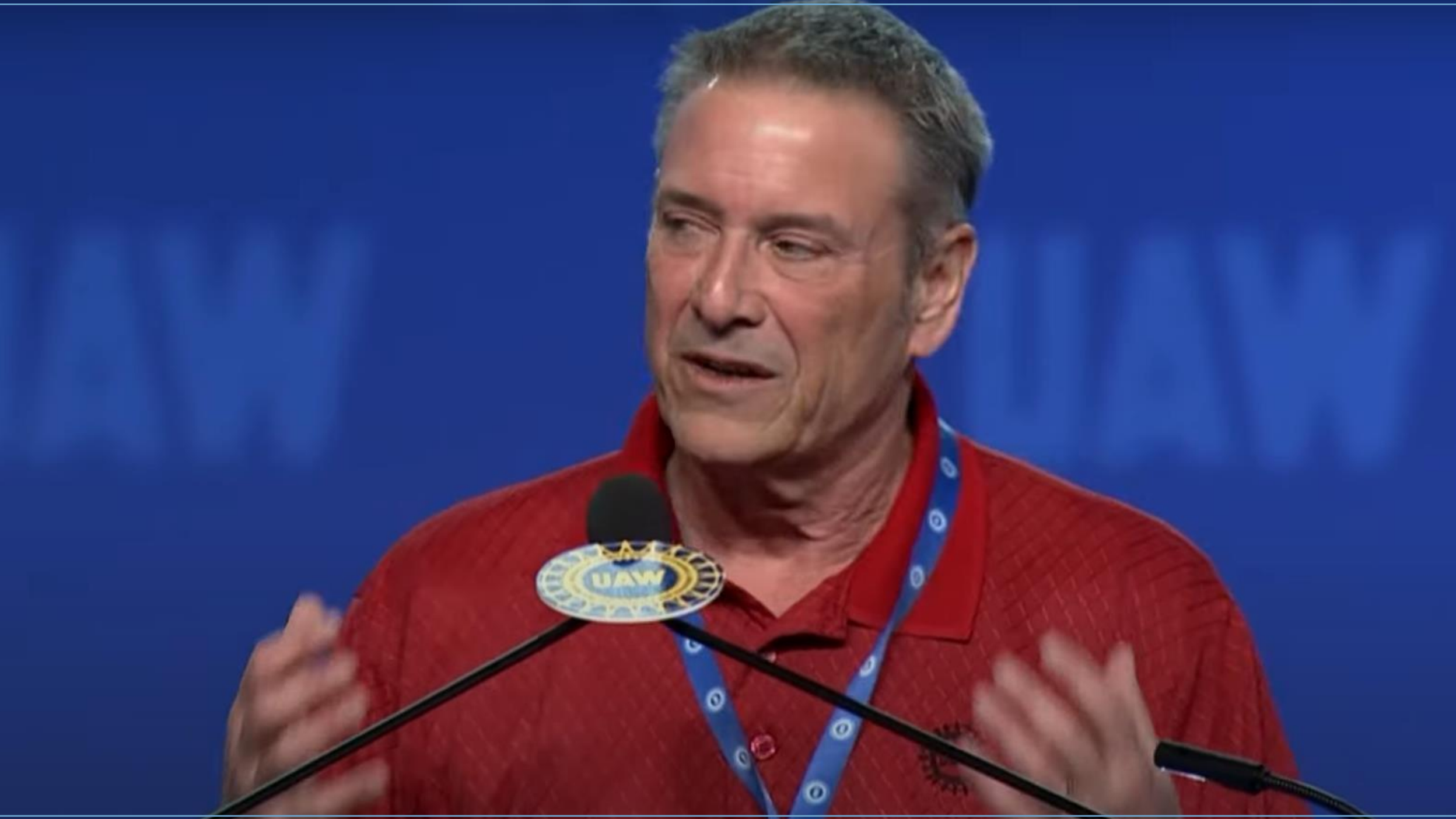
* Formula changed in 2011

2023 UAW Bargaining Demands:

- End to tier system
- Wage increases for everyone
 - COLA restored
- Plant closing moratorium
- Battery workers under the master agreement
- Reduce reliance on temporary & subsystem workers
 - Pensions for everyone
 - Job security program “jobs banks”
 - No cuts to health care

2023 Company Goals:

- Don't get locked into higher costs—contingent pay
 - Retain flexibility in staffing
 - Maintain footprint decision authority
- Maintain ability to invest in EV transition
 - Don't revert on legacy costs (COLA, Pensions for everyone)
 - Limit health care costs
- Maintain separate wage scale for JV battery plants



2023 CONTEXT


Setting the pattern

The case for 

- Most experienced UAW bargaining lead (who won COLA @ Deere)
- History of positive union-management relationships
- Most U.S.-based production of the 3 companies

Why not Ford?

- Least profitable
- Browning is a potential political rival for the presidency

The case for 

- Has dormant COLA language the other 2 do not
- Has the only operating battery JV plant
- “Goldilocks” profitability

Why not GM?

- Went to GM first last time
- Not the most profitable

The case for 

- Idled Belvidere
- Fain & his Secretary-Treasurer, VPs, & 1 Regional Director all come from Stellantis powertrain plants
- Most profitable in 2023

Why not Stellantis?

- Tavares is an especially hard-nosed bargainer
- Not leading the pack in electrification

Fain puts bullseye on 'Big Three' as UAW strike target

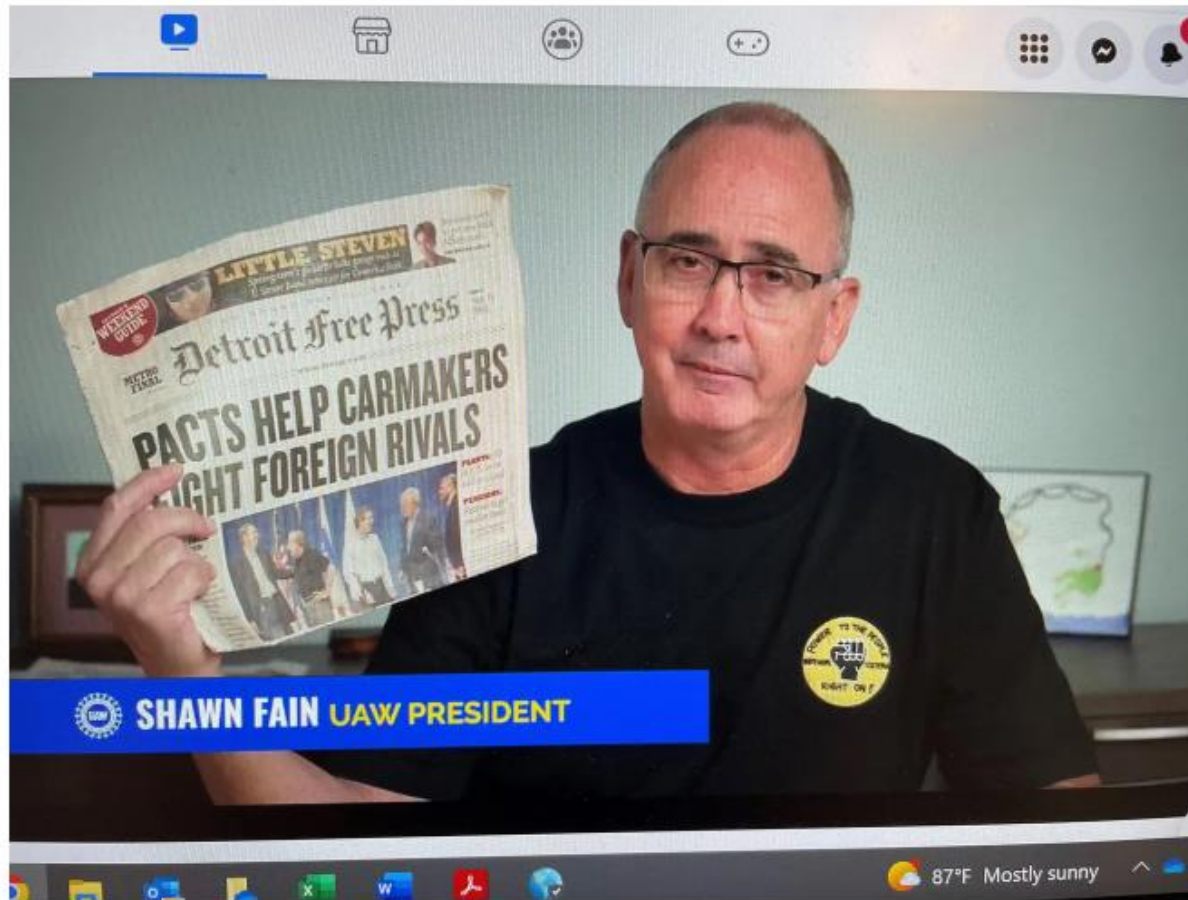


Eric D. Lawrence

Detroit Free Press

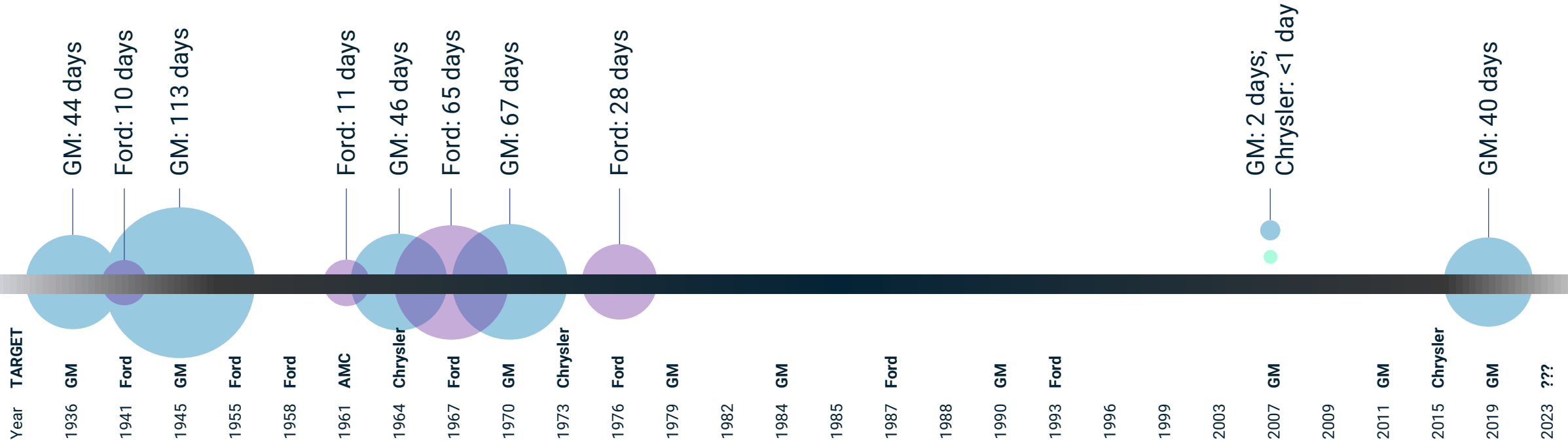
Published 7:29 p.m. ET July 11, 2023

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2023 CONTEXT

Very few national strikes in recent years...until 2019



2023 CONTEXT

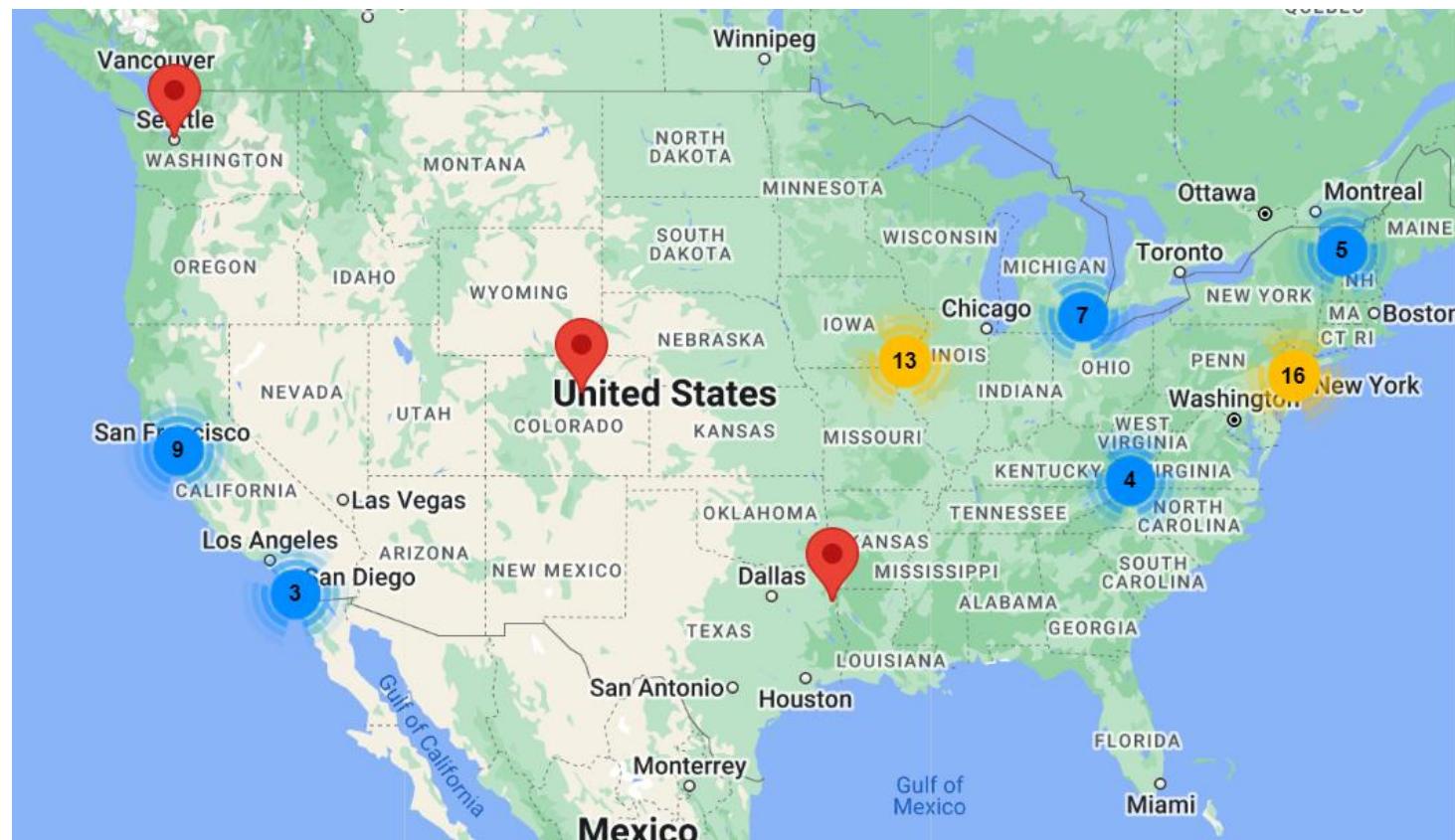
ILR School

Labor Action Tracker

36 strike actions in 60 locations

January 2020-
July 2023 YTD

- 44% Manufacturing (16 in 29 locations)
- 28% Education
- 28% Arts/Entertainment/Recreation, Information Services, Professional/Scientific/Technical, Health Care & Social Assistance, & Retail Trade



[ILR Labor Action Tracker \(cornell.edu\)](https://www.ilr.cornell.edu/labor-action-tracker)

SUMMARY

Our Friends
in Canada



SUMMARY



"(But) what good does it do you if you get \$100 an hour and you don't have a plant?"

[Ex-UAW leader Bob King opens up on contract talks, corruption scandal \(freep.com\)](#)



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