

# US auto union expands strike after GM profits top estimates

October 24 2023, by John BIERIS



United Auto Workers (UAW) President Shawn Fain appeared with US President Joe Biden last month at a picket in front of a General Motors Service Parts Operations plant in Michigan.

The US auto workers union announced Tuesday it had extended its strike to a giant General Motors truck plant as it called on the company to

sweeten a pay offer in light of strong quarterly profits.

"Another record quarter, another record year. As we've said for months: record profits equal record contracts," said United Auto Workers President Shawn Fain in announcing the walkout of 5,000 workers from the [assembly plant](#) in Texas.

"It's time GM workers, and the whole working class, get their fair share."

The latest UAW union stoppage, which drew sharp criticism from GM, came hours after the automaker reported a better than expected \$3.1 billion in third-quarter profits that showed only a limited impact from the strike.

The plant in Arlington, Texas makes some of GM's most profitable vehicles, including the Chevy Tahoe, the Chevy Suburban and GMC Yukon.

Earlier Tuesday, GM characterized strong sales of sport utility vehicles such as those from Arlington as part of a "foundation" for the [company](#) that means "consistently strong pricing and margins," according to a letter from GM Chief Executive Mary Barra.

"We are disappointed by the escalation of this unnecessary and irresponsible strike," GM said in reaction to the Arlington stoppage.

"It is time for us to finish this process, get our [team members](#) back to work and get on with the business of making GM the company that will win and provide great jobs in the US for our people for decades to come."

The union has gradually expanded the strike, first launched on September 15 at GM and fellow "Big Three" automakers Stellantis and

Ford with a stoppage of just three plants with about 12,700 UAW members.

With Tuesday's action, that number has now topped 45,000.

Fain last week suggested that the union was close to a deal with the automakers—but "these extremely profitable companies have more to give."

## **Forecast withdrawn**

GM's solid results were fueled by higher vehicle sales in the United States amid still-strong pricing trends for popular truck and sport utility vehicles, offsetting a drop in sales in China and some other overseas markets.

Revenues rose five percent to \$44.1 billion as the company withdrew its full-year forecast, citing uncertainty over the strike.

The UAW strike cost GM \$200 million during the quarter. The stoppage has also resulted in a \$600 million hit thus far in the fourth quarter, said Chief Financial Officer Paul Jacobson.

On Monday night, Jacobson said the [strike](#) results in a \$200 million weekly impact based on the operations targeted by the UAW and not including the latest Arlington action.

"We remain optimistic and hopeful that we'll make progress and get this resolved," Jacobson told reporters in a briefing.

Jacobson acknowledged that the earnings are "strong," but said the union needs to recognize that "there's a lot of uncertainty out there in the future with electric vehicle adoption and with the economy."

"We can't get ourselves into a situation of signing a deal that we can't afford to pay or that doesn't allow us to compete in the global marketplace."

In her letter to investors, Barra defended the company's current offer to the UAW, reiterating the proposal of roughly \$84,000 a year for the majority of the hourly workforce constitutes a "record" contract.

In a conference call with analysts, GM executives emphasized a previously-announced plan to cut \$2 billion in fixed costs that will protect profitability.

But in light of heightened expenses from a new UAW contract, GM will "have to look at potentially reducing fixed costs further," Jacobson said.

The company can target "efficiencies across the board in engineering and designing the vehicles," Jacobson said. "We're committed to making it work."

Shares of GM rose 0.3 percent in late-morning trading.

© 2023 AFP

Citation: US auto union expands strike after GM profits top estimates (2023, October 24)  
retrieved 11 May 2024 from <https://techxplore.com/news/2023-10-auto-union-gm-profits.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--