

German Worries Help Auto Union Effort in U.S.

Globalization, Europe's Slump Brings Once Wary Unions Together

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By NEAL E. BOUDETTE

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In its latest drive to organize foreign-owned auto plants in the South, the United Auto Workers union suddenly is getting help from an unexpected source—German workers concerned about their own jobs.

[Daimler AG](#) ([DAI.XE +1.57%](#))'s union has joined the UAW's drive to organize the company's Mercedes-Benz assembly plant in Alabama, sending members to urge American workers to push for representation. [Volkswagen AG](#) ([VOW3.XE +1.34%](#)) labor officials also are aiding the UAW's effort to represent workers at its Tennessee factory.

The Germans believe companies and their workers are better off represented by a trade union. Some also see the nonunion plants as a threat to German jobs and are pushing for Mercedes-Benz workers in the U.S., India and elsewhere to organize.



[Enlarge Image](#)

German labor is aiding a union push at VW's Tennessee factory. *Associated Press*

As Mercedes-Benz decides where to build future vehicles, German workers fear high-cost, union plants in Germany will be bypassed in favor of Vance, Ala., which is one of the newest and most cost-competitive Daimler plants in the world due to the weak dollar and nonunion workforce.

"When there is one plant with no union, the company can do whatever it wants," said Helmut Lense, a former labor representative

on Daimler's supervisory board, the equivalent of a U.S. board of directors. Mr. Lense now works to foster cooperation between auto unions globally.

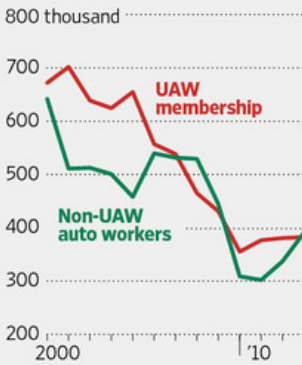
Recent cooperation between the UAW and Germany's IG Metall trade union is part of a broader effort by auto unions in several countries to build ties and attempt to build alliances that reflect the global scope and partnerships among the big auto makers. The UAW has sent delegations to meet with auto workers in Brazil, Japan, South Africa and South Korea.

In few places are these international ties having a clearer impact than in the U.S., where the UAW says it is close to organizing its first foreign-owned plant in the South because of the extra push from German workers and IG Metall. A breakthrough in Tennessee or Alabama would be a historic turn for the union and manufacturing in the union-averse South.

The southern auto plants are prized because they are expanding, sometimes at the expense of the auto maker's home-market factories. In Vance, outside of Tuscaloosa, Mercedes-Benz next year will begin making a redesigned version of Mercedes' C-Class sedan—a vehicle that up to now has been exported from Germany. When the plan to move C-Class production was announced in 2009, 12,000 Daimler workers protested in Sindelfingen, the main production site of the current version of the car.

On the Line

Ranks of union and nonunion auto workers in the U.S. are nearly equal



Source: Bureau of Labor Statistics
The Wall Street Journal

This year, some Vance workers spent a week in Germany, including at Sindelfingen, hearing about German-style labor relations from the unions. Outside the factory a billboard with the UAW and IG Metall logos carries the message: Together for a Better Life in English and German.

The Alabama factory is gearing up to produce a new Mercedes and could get additional models in the next few years, Daimler finance chief Bodo Uebber said during a recent visit to the U.S.

The company, he added, is "happy" with the current environment in which workers aren't unionized. "We have a team oriented workforce in Tuscaloosa. We have open communication and a good culture of collaboration between us and the team workers," he said.

A key change came in 2009. Daimler then decided to wind down production of its top selling C-Class at its giant Sindelfingen, Germany, plant. A new version of the car, due in 2014, was to be shifted

to factories in Alabama and Bremen, Germany.

Workers walked out of the Sindelfingen plant. One demonstration brought 12,000 workers into the streets, some carrying signs saying "C-Klasse—No No Amerikal!" Mr. Lense said the C-Class decision caused Sindelfingen workers to fear for their jobs. Daimler later agreed to forgo involuntary layoffs until at least 2020.

"There are a lot of potential vehicles that could be built over here," said Charlie Haywood, an Alabama plant worker who is opposed to the union said, "When we got the C-Class, IG Metall was very upset and they don't want it to happen again. So if we unionize, then [they think] there will be a level playing field."

In Tennessee, the UAW is benefiting from German union support for its efforts to represent VW workers. VW's German labor leaders are supporting efforts to bring a works council, a committee of employees who negotiate work rules and conditions with management, to the factory.

The UAW is "ready to cede power to a works council, in which salaried employees and hourly workers are to be represented equally," VW's top labor representative, Bernd Osterloh, said recently. The UAW has said more than half the plant's workers signed cards in support of a union.

The cooperation between the UAW and IG Metall is a change from the past, when the two kept an arm's length relationship. Now, the UAW and IG Metall see the auto industry's globalization and have Mercedes-Benz and [BMW AG](#) ([BMW.XE +0.79%](#)) now sell more cars in the U.S. than in their home market. become more interested in cooperating with unions around the world. The UAW's top officials also say antagonistic relationships with auto makers are behind them.

Europe's economic troubles are another reason. Because Europe has a stagnant population and is mired in a prolonged economic slump, the region is unlikely to see much growth in auto sales at all for years. That has forced auto makers there to close factories or idle production lines. The U.S., in contrast, has a growing population, has rebounded from its financial crisis and is enjoying robust new-car sales.

In 2010, the UAW elected [Bob King](#) as president and he pledged to build alliances with German, Italian, Korean, Japanese and Brazilian unions and present a new, less confrontational approach to relations with auto makers. IG Metall warmed to Mr. King's ideas, especially in the wake of the C-Class decision. "It's a new UAW," Mr. King said in an interview after his election. "We have to work with our employers."

A year later, IG Metall members traveled to Alabama to argue for the kind of representation afforded Daimler employees in Germany. One of them, Denise Rumpeltes, used vacation

from work at the Sindelfingen plant to revisit Vance last summer.

IG Metall and the Daimler works council declined to allow Ms. Rumpeltes or others to be interviewed on the matter. Nora Leser, an IG Metall staffer who joined the UAW organizing drive, declined to provide details on her visit to Alabama when reached by telephone. "I can't talk about that," she said.

The focus on the foreign auto plants has been a long time coming. Japanese and German car companies began building plants in the South during the 1990s, favoring "right to work" states where workers can't be compelled to join unions and unions often are reviled. Those plants have changed the face of the U.S. auto industry. Thirty years ago, all cars made in the U.S. were assembled by union workers at GM, Ford and Chrysler. Today, 38% of the vehicles made in the U.S. are built in nonunion, foreign owned factories.

In these nonunion plants, labor costs are significantly lower than what German and Japanese auto makers pay their domestic workers. On average, U.S. auto workers received about \$37 in wages and benefits last year, compared with about \$59 in Germany, according to the U.S. Bureau of Labor Statistics.

Management in nonunion plants also has a free hand to cut or increase staff or work hours without consultations with employees workers. Earlier this year, Volkswagen's Chattanooga plant laid off 500 contract workers after less than a year on the assembly line, a move that would have been unthinkable in Germany.

As auto workers at these factories gain skills and productivity, foreign car makers are starting to award these plants work that might otherwise have been done at home. Japan's three largest auto makers now are expanding their U.S. workforces to make cars for export. In Japan they are cutting exports and scaling back production, in part to reduce the risk to profits because of the high yen.

Mercedes' shift of C-Class production to Vance represents a similar shift to use U.S. production as a hedge against currency shifts and take advantage of lower overall costs. This has led to stepped up efforts by IG Metall to get some form of union representation instituted at the American factory.

While some workers in Vance have come to favor of the UAW, the union still faces an uphill fight. Mr. Haywood, the Vance worker who opposes the UAW, has joined with others of the same view to set up a website, uawno.org. He and his cohorts often wear white badges to work—they have a red circle with a line through the letters UAW.

He says he doesn't believe the IG Metall really care about whether American workers have representation. "They don't want us to get any more jobs in Alabama. They want to make sure jobs stay in Germany," he said.

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Corrections & Amplifications

Mercedes-Benz's U.S. car assembly factory is in Vance, Ala., outside of Tuscaloosa. An earlier version of this article incorrectly said it had factories in Vance, Miss., and Tuscaloosa.