

UAW SELLS OUT AMERICAN WORKERS FOR 800 JOBS

The White House appears to be calculating that by getting the UAW to support the NAFTA-style trade agreement with South Korea (KORUS), it can avoid any discussion of the jobs that will be outsourced as a result of the agreement. Their big accomplishment, then, has been changing the original 2007 agreement enough to get the UAW—and Ford—to buy in.

The price for their buy-in?

55,500 additional cars.

800 jobs.

As this Congressional Research Service report on the original deal explains, one of the biggest reasons why a free trade agreement with South Korea sucks for the auto industry is that South Korea puts odd safety requirements on their cars. Because the market is relatively small, it is cost prohibitive to adapt existing models to meet those requirements.

For years, unique South Korean automotive safety and environmental standards have been a major concern for U.S. and European carmakers. Some of the flagged technical import barriers include front tow hooks, headlamp standards, tinted rear-windows, and vehicle emissions changes. Safety and environmental standards have the potential to add costs associated with compliance, thus both the KORUS and KOREU FTAs include provisions to address those standards viewed as unfair by some U.S. and EU automakers.

[snip]

A country like South Korea can decide to require compliance with its own

standards, making it expensive for foreign-based manufacturers to export cars to the relatively smaller South Korean market, or in some cases effectively shutting foreign producers out of the market altogether. Some in the United States government and industry claim South Korean auto standards are “unique, non-transparent and out of sync with international standards.”⁷¹

[snip]

KORUS FTA permits “low-volume seller exemptions,” which allow each U.S. automaker to sell up to 6,500 vehicles per year in South Korea built to U.S. safety standards without any additional modification.⁷² The low-volume seller exemption nearly equals the number of cars sold by all three U.S. automakers combined in South Korea in 2009 (see Table 3). Some worry the exemption could act as a ceiling and effectively become a disincentive for U.S. carmakers to export more cars to South Korea.

In other words, the KORUS agreement signed in 2007 basically didn’t address the “non-transparent” safety issues that effectively exclude non-Korean cars; it just made an exemption that would cover the small number of cars already being imported in Korea.

Here’s how the White House hails their big improvement over that:

Safety standards have effectively operated as a non-tariff barrier to U.S. auto exports. The 2010 supplemental agreement announced today allows for 25,000 cars per U.S. automaker – or almost four times the number allowed in the 2007 agreement – to be imported into Korea provided they meet U.S. federal safety standards, which are among the

most stringent in the world.

So one of the big concessions (it's not the only one) in the renegotiated deal is the allowance for 55,500 additional cars a year into Korea.

It takes about 30 hours of labor to build a car. So the UAW got bought off for an extra 1,665,000 hours of work a year, not all of which will go to union employees. 41,625 weeks of work. Or work for 800 workers a year. In exchange for a trade agreement that the Economic Policy Institute estimates could cost 159,000 jobs in the next five years. (And in 10 years, after the duty on trucks expires, it would remove the biggest incentive for Hyundai to keep its SUV factories in Alabama, which account for 16,900 jobs, though those aren't union jobs.)

800 jobs in exchange for losing 159,000 jobs—that's the math the UAW has done.