

## GM Korea: Dispute with Temporary Workers Adds to Woes

By Tarun Makhni, LL.M. Candidate 2018 | April 3, 2018

In early February, GM Korea had [announced](#) that it would shut down one of its four plants in South Korea and incur an US \$850 million impairment charge as part of its restructuring plans in Asia. The company has been making losses in all Asian countries except China. In May 2017, the company had [announced](#) that it would exit the Indian automobile market, one of the fastest growing car markets in the world, as it could not consolidate its position due to stiff competition from Indian and other international manufacturers. However, the company said that it would maintain some of its plants in India to export cars to other countries.

On February 13, a court ruled in favor of 45 temporary workers of GM Korea, ordering GM to recognize them as full-time employees. GM had fired over 600 employees since last December, via a mobile phone message and without any severance package, citing high labor costs and low output as the primary reasons. GM Korea has appealed against the verdict of the court. Having lost his temporary job as a mechanist twice in the past eight years, Shin Hyun-chang is one of the many workers who wishes to be reinstated. “I asked myself ‘why is my life so gloomy? Nothing is going right,’” Shin told [Reuters](#) at a protest tent set up outside the Bupyeong GM factories in the suburbs of Seoul. “I moved one step closer to achieving my goal of becoming a regular worker, but the jobs that can help me get there may disappear soon,” he stated.

GM sells Chevrolet and Cadillac cars in Korea. More than half the vehicles produced in South Korea are exported. The company employs over 16,000 people. This announcement by GM comes at a tough time for South Korean President Moon Jae-in, who had promised to create more jobs and provide job security as part of his new economic policy.

As per the latest analyst reports, GM Korea’s production is expected to fall by a quarter to just over 42 percent, thereby, further affecting the temporary, as well as, full-time employees of the company. With a slump expected in production, the company is somewhat entering a downward spiral as low production means the company will not be selling or exporting as many cars as its potential, which in turn will cause worse conditions for the company in South Korea. [GM has also said](#) that it will have no choice but to file for bankruptcy if its unions do not agree to cut labor costs. What happens to the plight of the temporary workers, and GM Korea itself, remains to be seen, but what is sure is that GM really needs a Plan B to restructure its business in Asia amidst reports of fall in production and sales.

