

UAW Eyes Future With Fight Over Stellantis Investments

By **Tim Ryan**

Law360 (October 17, 2024, 8:13 PM EDT) -- Stellantis has filed nearly a dozen lawsuits accusing the United Auto Workers of trumping up claims the company abandoned investment commitments it made in a labor contract, waging a contentious and public dispute experts said shows the union's attempt to steer the industry after its strike victory less than a year ago.



Nearly a dozen lawsuits have been filed by Stellantis accusing the autoworkers union and its affiliates of filing "sham grievances" and threatening to strike. (AP Photo/Carlos Osorio)

On Oct. 4, Stellantis' U.S. arm FCA US LLC **filed the first** of nearly a dozen lawsuits against UAW and affiliated locals accusing the union of filing "sham grievances" and threatening to strike in violation of a collective bargaining agreement the two sides reached last year. Beginning in August, UAW has filed grievances accusing Stellantis of balking at billions of dollars in investment commitments it made as part of the 2023 contract, including by not reopening a plant in Belvidere, Illinois, and not committing to construct a new Dodge Durango at a Detroit facility.

The UAW has threatened a strike, with two local unions announcing successful strike authorization votes already and more planned soon, according to a union spokesperson. Experts said the dispute on the surface is a straightforward disagreement over contract language, but that the union has an eye on the future with its decision to press the issue.

"The language around compelling the employer to make these investments and to do so in partnership with the UAW is absolutely critical to the future of the auto industry and to workers and what those jobs

are going to look like," said Robert Bruno, director of the labor education program at the University of Illinois Urbana-Champaign School of Labor and Employment Relations.

UAW and Stellantis reached an agreement on a new CBA on Oct. 28, 2023, around the same time the union **agreed to new contracts** with General Motors and Ford to resolve a six-week strike at the U.S. automakers. Labor experts said the deals were an important win for the union that helped address concessions made in contracts after the Great Recession, including raises and cost-of-living adjustments for unionized workers.

The union's agreement with Stellantis included a document referred to as Letter 311, which laid out the company's plans to spend \$18.9 billion on a series of projects at current and planned facilities in the United States over the life of the contract. The investments included assembly projects like a new truck to be made at the Belvidere plant, as well as \$9.4 billion set aside to start up battery production for electric vehicles at Belvidere and another facility in Indiana, according to a copy attached to Stellantis' first complaint.

After detailing the company's planned investments, the letter acknowledged unpredictability in the economy and market for cars and said the investments depended on "plant performance, changes in market conditions and consumer demand continuing to generate sustainable and profitable volumes for" the facilities covered in the document.

That condition is central to the current dispute between Stellantis and UAW.

The union accused the company of refusing to deny reports that it will produce the next generation of Dodge Durango at a foreign plant instead of at the Detroit Assembly Complex as it committed to in Letter 311, according to a letter from UAW President Shawn Fain to Stellantis obtained by Law360. Fain also said that Stellantis has told the union that it is not launching a series of production projects at the Belvidere facility as it originally scheduled, according to the letter.

Local unions have filed a series of grievances over the company's alleged failure to fulfill its investment commitments, and the union also filed unfair labor practice charges with the National Labor Relations Board in September, saying the company has not provided information about the Durango production.

"We will not sit back and watch this company violate our agreement and threaten our jobs, our plants and our communities," Fain and UAW Stellantis Department Director Kevin Gotinsky said in an Oct. 4 letter to union members. "We are united and we are defiant. We will do what it takes to enforce our contracts and protect American jobs."

Marick Masters, a professor at Wayne State University who studies labor issues, said UAW is likely using strike threats as leverage to get Stellantis to make firmer commitments on investments. The union is likely concerned that Stellantis' actions so far are a sign of bigger issues at the company, Masters said, and possibly an initial step toward moving away from Belvidere and other projects.

"I look at this as the union is trying to use what leverage it can to force a commitment [from] Stellantis that it says it's not ready to make now," Masters said.

Stellantis has for its part denied the union's claims, including in the string of lawsuits against the union and its locals.

In a Sept. 23 statement, Stellantis accused Fain of mischaracterizing the company's commitments, saying the timelines and specific investments in Letter 311 "are not absolute guarantees," but depend upon the market and other factors. It said it had not yet made a decision on the production of the Durango and that its decisions to delay projects at Belvidere were consistent with its rights. In a follow-up statement on Oct. 7, Stellantis said the projects at Belvidere "have been delayed — not canceled."

"The language in Investment Letter 311 is clear," Stellantis said in the Oct. 7 statement. "The decisions that are being taken to protect the company and its employees from a highly volatile market and slowing [electric vehicle] adoption cannot be a matter of legitimate dispute."

The **lawsuits accuse UAW** of a "sustained campaign" to try to force the company to make investments regardless of the state of the market and of misrepresenting Letter 311 in public statements.

The company referred to the union's grievances as "pretext for an impermissible strike" in the middle of

the CBA's term, citing the contract's provision barring the union from striking without first exhausting grievance procedures.

The CBA's no-strike provision applies both to disputes in which the union has not exhausted the grievance process and to those over which an arbitration panel has authority.

Dan Altchek, a partner at Saul Ewing LLP who represents employers, said based on court documents, disputes over Letter 311 are exempt from the arbitration process laid out in the contract, but not from the grievance process. Altchek said Stellantis likely agreed to the language because it did not want to leave its investment decisions to an arbitrator, but the exemption from arbitration also gives weight to the union's argument that the no strike clause does not apply to disputes over Letter 311.

"I think a court might say that's the bargain you got," Altchek said.

The court's attention as a result will be on Stellantis' claim that the union's grievances are a sham, Altchek said.

He said the merits of the dispute could be murky, as Stellantis clearly left itself room in the language it negotiated in Letter 311 to have some discretion over the investments, as would be expected with such a major business decision.

"Getting past the judgment call in putting any of this language in the contract, they're not going to commit themselves to such a huge expenditure without having the ability to change plans if necessary," Altchek said.

The dispute over the investments has major implications for the union, said Arthur Wheaton, a professor at Cornell University's School of Industrial and Labor Relations. Fain pitched the investment commitments and the preservation of the union's ability to strike as a selling point of the contract, and Wheaton said he would expect the union to try to get as much as it can out of the language while a sympathetic administration occupies the White House.

"I think the UAW is going to test it in whatever way they can," Wheaton said. "I think they're going to see where the language goes."

Wheaton said the union's strike threats appear serious and that it may test whether a court will buy Stellantis' arguments that the union cannot strike.

Altchek said the union might have a different experience waging a strike over the specific investment commitments it has mentioned than it did last year with its broadly popular 2023 strike against the automakers. The current dispute affects a smaller subset of workers, so the union may have a more difficult time building the solidarity that it was able to in the strike last year.

"If these investments are going to result in new jobs for other people, then are the members going to walk out for that cause?" Altchek said.

Bruno, the University of Illinois professor, agreed that the union may have a harder time building support for a strike over the investment issue, but also said it might be the best way for the two sides to come to an agreement and end the ongoing dispute.

An extended strike over the investments could be risky and damaging for both the union and Stellantis given major changes underway in the auto industry in the U.S., Masters said.

The ability to pressure Stellantis on the investments is a key test for the union, which unsuccessfully sought to have a stronger say in the direction of the auto industry after World War II, Bruno said. Losing a showdown with Stellantis over the investments would hurt the union's ability to have a say in future investment decisions from other automakers, Bruno said.

"If Stellantis can get out of doing this, Ford can get out of doing it, General Motors will get out of doing it and that would be a significant step back and would be very harmful from the UAW's perspective for autoworkers," Bruno said.

--Editing by Amy Rowe.

