

What the UAW Contract Agreements Mean for the EV Transition



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This month, Ford Motor Company, Stellantis, and General Motors reached agreements with the UAW that set the stage for groundbreaking changes as the industry transitions to electric vehicles.

These agreements cement the role of UAW workers in the EV transition and build on the success of BIL and IRA by crowding in additional private investment in the EV transition. Bottom line: these are huge wins for union workers *and* the future of EV manufacturing in America.

Here are three highlights in the agreement that set the stage for a historic move to EVs:

1. UAW members across Ford, Stellantis, and GM will see historic wage increases.

Transitioning to a new, game-changing technology like EVs requires a solid, experienced workforce with a track record of making outstanding products reliably and safely. These agreements show Ford, GM, and Stellantis's commitment to the UAW's skilled workforce by ensuring good pay and benefits for UAW members through the EV transition.

- **KEY PROVISION:** UAW members who work at Ford, Stellantis, and GM will all see a 33% wage increase inclusive of an annual cost of living adjustment (COLA) from Oct 23, 2023, to April 30, 2028.
- **DOMINO EFFECT:** These agreements pave the way for competitive wages across the auto industry but also catalyze a significant ripple effect. Following these groundbreaking deals by the UAW, Toyota, Honda, Hyundai, Nissan, Volkswagen, and Subaru have swiftly followed suit, announcing substantial wage hikes for their respective workforce.

2. The Detroit Three will invest billions in electric vehicles and advanced manufacturing facilities.

These deals spread key investments across all Ford, GM, and Stellantis production facilities, ensuring all facilities can manufacture EVs and helping all UAW members participate in the EV transition. These investments will also help the Big Three keep pace with demand for EVs and remain competitive with foreign manufacturers.

- **KEY PROVISION:** Ford has committed \$8 billion in new investment across 22 plants, with EV products made in nearly all of the 8 assembly plants.
- **KEY PROVISION:** GM committed to over \$13 billion in EV-related investments over the contract period, over 3 times the amount committed to internal combustion engine vehicles and parts. The automaker will also invest \$2 billion in its electric vehicle assembly plant in Spring Hill, Tennessee, where the company already makes the Cadillac Lyriq EV.
- **KEY PROVISION:** Stellantis has committed to \$19 billion in investments, which includes building two new battery plants in Kokomo, Indiana. It's a \$6.2 billion investment that the company estimates will create 2,600 permanent jobs.

- **DOMINO EFFECT:** China manufactures over five million EVs every year. Demand for EVs in the US has grown from under 250,000 to nearly a million annually over the past five years. By spreading investments in manufacturing evenly across all facilities, the Big Three set the stage for the US to compete on the global stage and meet growing consumer demand through domestic manufacturing.

3. Two key battery plants will now be a part of the UAW master agreement.

Allowing battery plant workers at joint venture facilities into the master agreement spreads the outstanding pay and benefits UAW members receive to a whole new group of workers, all of whom play a pivotal role in the EV transition.

- **KEY PROVISION:** Through the **Ford** agreement, Marshall, Michigan battery plant workers will be covered by the UAW master agreement when the plant is “lawfully recognized.”
- **KEY PROVISION:** Through the **GM** agreement, the Ultium Cells plant will be included in the national UAW labor agreement.
- **DOMINO EFFECT:** By spreading good pay and benefits to this burgeoning field, the Ford and GM deals help make battery production appealing to more US workers and further incentivize onshoring battery manufacturing. Insourcing battery plant jobs helps keep jobs in Michigan and, crucially, makes the US more independent from foreign manufacturing.

TAKEAWAY: These deals are huge news for UAW workers and the future of the Detroit Three. But, importantly, they’ll have knock-on effects throughout the US and global economies, ranging from boosting American manufacturing to creating new jobs to ensuring the US has what it takes to compete with foreign manufacturers. The UAW agreements put well-paid, union workers with decades of experience at the heart of the EV transition—at every level, these agreements are a win for the US economy and for American workers.

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