

Big Changes at Diaz Motors

Diaz Motors yesterday announced substantial changes at the company's assembly plants in Guadalajara, where it employs 3,200 people and Veracruz, where it employs 1,200. From April 1, staff will work four-day weeks and take 20% reductions in base salaries. This policy will be subject to a 12-month review, at which time it will be considered whether to maintain it.

CEO Felipe Kahlo said the move was designed to secure the long-term competitiveness of the company. Earlier this month, Diaz introduced a voluntary layoff program and eliminated 300 part-time jobs at its subsidiary component plant just outside of Mexico City. Diaz's board of directors has also reportedly discussed outsourcing some processes to lower-cost Guatemala.

The news comes as the Mexican car manufacturer battles a regional recession. According to the latest statistics, car purchases from Diaz and other South American automakers have fallen by 63% over the past three months. This comes despite a \$US 200 million investment the company made recently in advanced production technologies. Diaz stock held steady in light trading on the announcement.

Union officials are reported to be in negotiations with company representatives over ways to avoid further layoffs or outsourcing. Senior union director Miguel Hayek said he was willing to work with management to safeguard jobs in the face of current uncertainty in the market.

177. What is the article mainly about?

- (A) Economic trends in South America
- (B) Labor relations at auto companies
- (C) Productivity changes in car factories
- (D) Ongoing corporate reorganizations

178. What problem is Diaz Motors facing?

- (A) A lack of competitive technologies
- (B) Sharp decreases in stock prices
- (C) A reduction of market share
- (D) A slump in consumer demand

179. The word "subsidiary" in paragraph 2, line 6, is closest in meaning to

- (A) divisional
- (B) remaining
- (C) partial
- (D) sequential

180. What is a stated goal of Mr. Hayek?

- (A) Expansion of the union
- (B) Increasing production
- (C) Protection of positions
- (D) Safeguarding management rights