CAW Calls For Review Of CAT Purchase

TORONTO — Canada's largest private sector union is calling on Ottawa to review the purchase of Canada's only locomotive manufacturing plant by U.S.-based Caterpillar Inc. (NYSE:CAT) back in 2010.

The Canadian Auto Workers union says hundreds of jobs at the Electro-Motive plant in London, Ont., are potentially at stake.

In a letter to Prime Minister Stephen Harper, CAW president Ken Lewenza said the future of the plant is in peril.

"Government inaction and ineffective foreign investment rules could result in the end of more than 60 years of high value-added manufacturing and the loss of 800 good jobs, ..." Lewenza said.

CAW Local 27 represents some 650 production and skilled trades workers at the facility.

Under the Investment Canada Act, notification of the acquisition of Electro-Motive was filed with the minister of industry and approved. "A receipt was issued in September 2010 declaring the investment required no further review," CAW said.

Caterpillar bought the London plant in June 2010, but within less than a year of the purchase three other locations in the U.S., Mexico and Brazil were slated to build EMD locomotives.

"The company is now demanding massive wage cuts from the London workers and the elimination of the pension," CAW said in a release.

Lewenza said it increasingly looks like the company is trying to force workers out on the street, "providing convenient cover for any plans to move production out of Canada."

Last June, members of the CAW Local at the plant voted 69 per cent in favour of a seven-month contract extension after what their union described as a "tough" round of negotiations.

The contract extension expires Dec. 31.

"The membership have made a prudent decision and the message to the employer is that we will not accept an agreement that slashes our wages, pensions and benefits," CAW Local 27 president Tim Carrie said at the time.

Lewenza said there is broad agreement among industry experts that Caterpillar's

long-term interest in Electro-Motive "centres on plans to acquire long-sought after technology and to bring production to the U.S. to gain access to state government incentives."

"Canada doesn't need another job-destroying failed foreign investment," the CAW release said, adding that the union is calling on Harper to instruct the industry minister to retroactively order a full review of the acquisition.

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