CAT Closes Locked Out Plant In Canada

Rob Gillies,Associated Press

TORONTO (AP) — Caterpillar Inc. said Friday it will close its locomotive plant in Canada, where workers have been locked out since the start of the year.

Caterpillar subsidiary Progress Rail Services said in a statement that the cost structure of the Electro-Motive plant was not sustainable and efforts to negotiate a new labor agreement failed.

Electro-Motive had demanded pay cuts of up to 50 percent when it locked out 450 employees at the London, Ontario, plant on Jan. 1.

The company said the collective agreement of the London plant was not "cost competitive in the global marketplace" and said the assembly of locomotives will be shifted to other plants in North and South America.

Canadian Auto Workers Union President Ken Lewenza called it a "callous move" and said he was not surprised.

"Caterpillar had no intention of keeping this plant open," Lewenza said in a statement. "From day one, we believed that Caterpillar was trying to provoke a crisis, by forcing deep cuts that were not possible."

The union noted that Caterpillar recently announced $4.9 billion in annual profits, the highest in its 86-year history. CAW Electro-Motive chairperson Bob Scott called it "absolutely sickening behavior" on the part of Caterpillar.

The union also blamed Canada's federal government for not doing more to protect Canadian companies affected by corporate takeovers.

Just two days ago, Ontario Premier Dalton McGuinty criticized Caterpillar, although not by name, saying the company was not living up to Ontarians expectations.

Locals in London, Ontario, feared Caterpillar always intended to move the locomotive manufacturing from Electro-Motive to a facility in the U.S.

Caterpillar, based in Peoria, Illinois, is the world's largest maker of construction and mining equipment.

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