

Union, Automakers Gear Up For Negotiations

Alexandra Posadzki, The Canadian Press

TORONTO - The Canadian Auto Workers union and the Detroit big three automakers are gearing up for the latest round of contract talks that begin today, the first time in a decade that negotiations will be held as the companies are making a healthy profit.

The union, which made concessions when the big U.S. automakers were struggling, says it wants to share in the profits now that the industry has rebounded.

The CAW also says the automakers need to invest in their Canadian facilities as a means of boosting job security.

The union is scheduled to hold meetings with the General Motors Canada on Tuesday morning in Toronto, followed by Chrysler Canada in the afternoon. Ford Canada and the CAW are to meet Wednesday.

CAW economist Jim Stanford said it's only natural that the workers should reap some benefits now that the auto sector has improved.

"The industry has certainly turned the corner since 2009," Stanford said.

"The fact that the industry is doing so well and the companies' profit margins are so strong should make for an easier round of bargaining, but there will be some real tough challenges. In any round of bargaining, the companies always threaten the workers that they'll lose their jobs if they don't cut their wages."

Union president Ken Lewenza says investing in technology at the automakers' factories would increase productivity, improve profits and make workers' jobs more secure.

Carlos Gomes, a senior economist at Scotiabank, says keeping costs under control will top the companies' agendas, particularly because changes to how workers' health care is covered have made production at Canadian plants more expensive than in the U.S.

"The reality is that Canada's auto sector has an overall cost structure that's higher than what we were seeing in the United States," said Gomes.

"So from (the automakers') perspective, it's important to not widen the gap at all, in terms of providing Canada with an additional disadvantage."

Gomes said in the past several years, all of the capacity expansion in the auto sector announced in North America has gone to the southern U.S. or to Mexico.

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"It just highlights the fact that companies are seeking to try to go wherever the cost structure is more favourable for them."

Ontario has seen the Detroit Three carmakers — GM, Ford and Chrysler — cut thousands of jobs in the last decade as their parent companies restructured in the United States.

Last month, GM has said it would invest \$850 million in research and development in Oshawa, Ont., however the company is also going ahead with a plan to close its consolidated plant, a move that will eliminate 2,000 jobs.

Besides the consolidated plant, GM also has a flex assembly plant in Oshawa that is getting a share of the production of the new Chevy Impala, which is also being built at GM's Detroit-Hamtramck assembly plant in Michigan.

The consolidated plant, which produces the Chevrolet Impala and the Equinox, was originally scheduled to close 2008, but due to demand for the two vehicles, it has remained in business.

The closure follows the shut down of a GM truck plant in Oshawa and a transmission factory in Windsor, Ont.

The union hopes to avoid a strike, which would halt the momentum that the auto companies have seen lately as they have worked to recover from the recession.

During the financial crisis, the federal and Ontario governments helped bailout Chrysler and GM with a rescue package that totalled about \$13 billion — with the majority, \$10.5 billion, going to GM.

The union reluctantly gave concessions to General Motors and Chrysler in its last round as the two automakers teetered on the brink of insolvency. Pattern bargaining meant Ford got the same deal.

Wages at the Canadian automakers remained steady, but overall labour costs were reduced by cuts to some benefits.

Lewenza said the union also made a number of "significant" sacrifices, including to wages, vacation time and cost-of-living payments, to help the struggling automakers in 2008 and 2009.

While the union doesn't expect to regain all of those cuts, Lewenza says it's hoping to make some progress now that the companies are making a profit.

The union represents approximately 4,500 workers at Ford, 8,000 workers at General Motors and another 8,000 at Chrysler.

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