

Canada Auto Union Offers Wage Cuts, Weighs Strike

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TORONTO (AP) — The Canadian Auto Workers union has proposed wage cuts for new employees at Detroit's three big automakers in the hopes of averting a strike next week, the union's secretary-treasurer said Thursday.

Peter Kennedy also warned, however, that the union may strike General Motors, Chrysler and Ford if negotiations fail. He said the union will decide which ones to target as the strike deadline, just before midnight Monday, approaches.

At stake is the future of Canada's auto industry. Auto companies have said Canada is now the most expensive place in the world to make cars and trucks, and they say they could move production south if the CAW doesn't cut costs.

GM, Chrysler and Ford manufacture popular models at Canadian plants, and if the union strikes, the companies would soon be in short supply. CAW workers also make key engine parts and other components for U.S.-built cars.

Kennedy described the talks as the most difficult he's seen in more than 20 years. Canada has lost the currency and health care cost advantages it once had over the U.S., and U.S. auto workers have made concessions that Canadian workers haven't.

The union said it was awaiting a response Thursday to its latest proposal that includes starting new employees off at a lower wage that would increase over time to the prevailing salary in the plant, Kennedy said.

CAW president Ken Lewenza has said the union opposes a permanent two-tier system — such as one accepted by the United Auto Workers union for employees at the automakers' U.S. plants.

Having two people working side by side earning different salaries, with one having no hope of getting to the top, would create "dissension and turmoil," Kennedy said.

The union also agreed to change provisions for new employees that would eliminate full pensions for employees with 30 years of service, something the companies are seeking for existing employees as well.

In exchange, the union is seeking firm investment commitments for Ontario's auto sector.

General Motors of Canada spokeswoman Faye Roberts told The Associated Press that she's optimistic that the automaker can work together to overcome challenges.

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

Ford Canada spokeswoman Lauren More said Thursday that the company is open to discussing any proposal that will improve labor cost competitiveness.

"We continue to work collaboratively with the CAW to find solutions that meet our mutual interest, which is to position our Canadian operations for future success," she said.

Chrysler did not immediately return calls for comment about the strike

The CAW represents about 4,500 workers at Ford, 8,000 workers at GM and another 8,000 at Chrysler. Auto production in Canada peaked at 3.2 million cars in 1999, about 17.4 percent of North American production. In 2011, Canada produced 2.1 million vehicles, or about 16 percent.

Last month, CAW members voted to strike all three companies if they don't get agreements by Monday's deadline. Such a vote is standard procedure during contract talks. The last CAW strike was in 1996, against General Motors.

Source URL (retrieved on 03/30/2015 - 8:31pm):

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