Canadian Auto Strike Would Hit U.S. Quickly

Tom Krisher, AP Auto Writer

DETROIT (AP) — If the Canadian Auto Workers union goes on strike against Detroit's three automakers next week, the impact will be felt quickly in the U.S.

Negotiations between the CAW and Chrysler, General Motors and Ford have hit a rough patch with less than a week to go before contracts expire Monday night. The companies are trying to cut costs, and the union is refusing their demands for concessions. On Wednesday, the union told workers to prepare for a strike and said negotiations haven't been going well.

Auto companies say 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.

At stake is the future of Canada's auto industry.

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

A strike would be felt in some U.S. factories in a week or less, said Michael Robinet, managing director of IHS Automotive, an industry consulting firm that tracks and forecasts auto production. Dealers could quickly run short of some models, largely because they haven't built up stocks due to higher demand for cars and trucks in the U.S., Robinet said.

"There's not a lot of extra inventory out there," he said. "There hasn't been a lot of opportunity to build strike banks."

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.

In Canada, GM makes the Chevrolet Camaro, Impala and Equinox, along with the Buick Regal, Cadillac XTS and GMC Terrain. Chrysler makes minivans and the Dodge Challenger and Charger, Chrysler 300, and Ram Cargo Van in Canada. The Ford Edge and Flex and the Lincoln MKX and MKT are made near Toronto.

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.

"Over the last few days, meetings have picked up and are now taking place more frequently," the CAW statement to members said. "These meetings have not

yielded many results."

The CAW has said it's facing unprecedented demands from the companies that would cut wages for new hires, eliminate cost-of-living adjustments and dramatically change pension plans. Automakers want to eliminate full pensions for employees with 30 years of service, start a defined contribution pension plan and cut prescription drug benefits. The union also says that the companies are refusing to commit to any new investments in Canada. The union says it is working around the clock to fight the demands and reach an agreement.

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.

But Robinet said the auto companies, mindful that high labor costs contributed to the 2009 financial crisis that sent GM and Chrysler into bankruptcy protection, may be more willing to withstand a strike than in the past.

"I don't think they would be shy about taking one if they have to," he said. "There's definitely a longer-term view that needs to be installed here."

The companies, though, aren't talking like a strike is imminent. Mark Fields, Ford's president of the Americas, said Monday that the company wants to reach a deal. "Our whole approach is to have a fair agreement with our employees but also improve the competitiveness of our operations up there," he said.

Source URL (retrieved on *08/20/2014 - 3:02pm*):
http://www.impomag.com/news/2012/09/canadian-auto-strike-would-hit-us-quickly?qt-recent_content=0