

Canadian Auto Union Has Deals With 2 Of Big 3

Rob Gillies, Associated Press

TORONTO (AP) — Canadian autoworkers have reached contract deals with two of the Big Three and now are focusing in on the third — Chrysler.

The Canadian Auto Workers union said late Thursday it reached a tentative deal with General Motors Co., leaving Chrysler as the only Detroit automaker that hasn't agreed to a new labor deal.

CAW President Ken Lewenza called it a difficult few days but said GM ultimately agreed to the framework of a deal that the union reached with Ford Motor Co. earlier this week.

The union decided to keep working past a midnight Monday strike deadline after reaching a deal with Ford and extending its contracts with GM and Chrysler.

Workers stayed on the job as talks continued, but the union warned it could go on strike after giving GM and Chrysler 24 hours' notice. They wanted the Ford contract to serve as a template for the other two companies.

Like the Ford deal, the GM agreement cuts wages for new hires and freezes pay for current workers. But it also gives them lump-sum payments to cover inflation and for ratifying the deal.

Under the Ford and GM deals, the companies will pay new workers 60 percent of the current top wage of \$33.89 Canadian dollars (\$34.74) an hour, according to the CAW. That would mean new workers would be paid around \$20.33 Canadian (\$20.84). They can move up the wage scale and reach the top wage in 10 years.

"We're avoiding a permanent two-tier wage system which was the stumbling block today," Lewenza said.

U.S. workers at the Detroit automakers approved a similar two-tier wage agreement five years ago, but in those agreements, workers don't automatically get the top wage after 10 years.

Lewenza said Chrysler hasn't agreed to the pattern set by Ford.

"As long as we're making progress there is no need to pull the trigger," Lewenza said of the possibility of putting Chrysler on 24-hour strike notice. "The trigger is the last tool in the tool box."

Canadian Ford auto workers will vote this weekend on the tentative agreement and the union said results of the vote will be released Sunday night. There was no immediate word when GM workers would vote on their deal.

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The auto companies say Canada is the most expensive place in the world to make cars and trucks, and they could move production south if the CAW doesn't cut costs. The CAW represents about 21,000 auto workers in Canada and about 16 percent of auto production in North America.

"This set of talks with our labor partner have been candid and constructive, reflecting the challenges facing Canadian manufacturers," GM said in a statement.

GM and Chrysler make popular models in Canada that would soon be in short supply if a strike occurred. CAW workers also make key engine parts and other components for U.S.-built cars. 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.

Canada's advantages in the past — a weak Canadian dollar and government health care — have all but vanished compared with U.S. factories. In addition, the United Auto Workers union in the U.S. has agreed to steeper concessions than the CAW, making U.S. labor costs cheaper. Going into the talks, the Detroit automakers were paying an estimated \$60 to \$62 an hour for labor and benefits in Canada, compared with \$50 an hour at Chrysler, \$56 at Ford and \$58 at GM, according to the Center for Automotive Research, a nonprofit research group.

The federal Canadian and Ontario province governments worked in tandem with the U.S. government on auto bailouts in 2009 to maintain Canada's share of North American auto production. Canada's share 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.

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