

Canadian Auto Union Makes Progress With GM

Rob Gillies, Associated Press

TORONTO (AP) — The head of the Canadian Auto Workers said late Tuesday there has been significant progress toward a new labor deal with General Motors and said the Detroit automaker is waiting for a counter-proposal from the union.

CAW President Ken Lewenza said they will make the offer Wednesday. He also said they've made progress with Chrysler, but not as much as they've made with GM.

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

Workers are staying on the job as talks continue, but can go on strike after giving GM and Chrysler 24 hours' notice. Both companies asked for more time to study the deal with Ford. The CAW wants the Ford contract to serve as a template for the other two companies.

"We're not going to get a settlement tonight, but boy, I see a significant amount of progress at General Motors," Lewenza said.

Lewenza said Chrysler is still studying the Ford deal. He said there has been no real signal from Chrysler that they'll meet the pattern set by Ford, but said there has been good faith bargaining. Chrysler earlier took issue with the CAW focusing its efforts on Ford, saying Ford has smaller operations in Canada than Chrysler and GM do.

Ford Motor Co. workers will vote on their agreement next weekend. It 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 deal, the company 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.

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.

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.

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

Industry analysts say a strike would be felt in U.S. factories in a week or less, and 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. 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 deal with Ford averts a strike there, and 800 laid-off Ford employees will go back to work, partially through the creation of 600 new jobs at Canadian operations.

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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