

Canadian Auto Union Reaches Deal With Chrysler

Rob Gillies, Associated Press

TORONTO (AP) — The Canadian Auto Workers union agreed to a new labor contract with Chrysler on Wednesday night, ending weeks of talks with the Detroit automakers and avoiding strikes and the possibility production will move to the United States.

CAW President Ken Lewenza said Chrysler matched the four-year agreements the union reached with Ford and GM this month.

The contracts cut wages for new hires and freeze pay for current workers. But the contracts also give them lump-sum payments to cover inflation and for ratifying the deal.

Chrysler workers will vote on the deal this weekend. Ford workers ratified their agreement last Sunday and GM workers are voting Wednesday and Thursday.

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

Under the agreement new workers will receive 60 percent of the current top wage of \$33.89 Canadian dollars (US\$34.74). That would mean new workers would be paid around CA\$20.33 (\$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.

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.

Canada's advantages in the past — a weak Canadian dollar and government health care — have all but vanished compared with U.S. factories.

"We're satisfied that we got a reasonable deal and that Chrysler can grow in Canada," Lewenza said.

Lewenza said the union's pattern bargaining strategy worked.

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"A tentative agreement has been reached between Chrysler Canada and the CAW. We extend our appreciation to our Canadian workforce for their patience during this pivotal round of collective bargaining. We will not comment on the details of the tentative agreement during the CAW ratification process," Al Iacobelli, Chrysler's Vice President of Employee Relations said in a statement.

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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