

# CAW Union Extends GM, Chrysler Contracts

Rob Gillies, Associated Press

TORONTO (AP) — The Canadian Auto Workers union decided late Monday to keep working past a midnight strike deadline after reaching a deal with Ford and extending its contracts with General Motors and Chrysler.

Workers will stay on the job as talks continue, but can go on strike after giving GM and Chrysler 24 hours' notice, President Ken Lewenza said late Monday. The union, he said, agreed to the contract extensions because top labor executives at 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.

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.

Lewenza said top negotiators for both GM and Chrysler came to Toronto to try to finalize a deal, and both requested more time to review the Ford pact and settle plant-level contracts.

"At the end of the day, we're hopeful we'll get a deal," he said. "If it's good enough for Ford, it's good enough for General Motors and for Chrysler."

But Lewenza warned that he won't hesitate to strike if he feels the companies are procrastinating over the next two or three days.

"Our patience only has so much time," he said.

Both General Motors Co. and Chrysler Group confirmed late Monday that they were continuing to talk but didn't give further details.

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.

There are no base wage increases during the life of the CAW agreement, which lasts until September 2016, but each employee will receive a \$2,000 lump sum payment that will cover cost of living increases and a \$3,000 ratification bonus.

If GM and Chrysler don't go along Ford, that could mean labor trouble, said Art

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Schwartz, a former General Motors negotiator who now runs a labor consulting business in Ann Arbor, Mich.

"I think the CAW is fully prepared to strike if they get a deal with one company and another decides to change it radically," he said.

Chrysler has taken issue with the CAW focusing its efforts on Ford, saying Ford doesn't have as large a footprint in Canada as Chrysler and GM do.

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.

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.

Lewenza said it's a good deal in today's economic climate. Ford declined to provide specifics on the deal because it hasn't been ratified by workers.

"We believe that the tentative agreement offers unique-to-Canada solutions that will improve the competitiveness of the Canadian operations while providing employees the opportunity to earn a good living," Stacey Allerton, a Ford of Canada vice president, said in a statement.

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

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vehicles, or about 16 percent.

Ontario Premier Dalton McGuinty said Monday his government has every confidence that the union and the companies will reach agreements.

"I'm confident that people know what's at stake and they're going to find a way," he said.

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