Canadian Chrysler Workers Accept New Contract

Charmaine Noronha, Associated Press

TORONTO (AP) — Canadian auto workers at Chrysler ratified a new contract with the automaker, the auto union said Sunday.

The Canadian Auto Workers union said 90 percent of those voting approved the tentative deal that was reached last week. It was not immediately clear how many of the 8,000 workers at Chrysler's plants in Ontario cast ballots in the ratification vote held this weekend.

The four-year deal includes lump sum payments, as well as job security provisions.

The agreement is based on agreements already accepted by union members at Ford and General Motors. Ford and GM workers ratified their agreements by margins of 82 percent and 73 percent, respectively.

Chrysler was the last of the Big Three North American automakers to hammer out a contract, ending the possibility of strikes and that production would move to the United States in the next four years.

"The new agreement rewards employees for their commitment during our ongoing recovery and narrows the gap on our future competitiveness here in Canada," said Al Iacobelli, vice president of employee relations at Chrysler. "Chrysler has been extremely loyal to the Canadian market over the last 87 years with very stable production capacity and employment levels. One in every four vehicles built by our corporation around the world is made by our Canadian workforce and we are pleased to recognize their efforts."

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.

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

The Chrysler agreement includes a US$3,049 (CA$3,000) ratification bonus for workers, as well as cost of living lump sum payments of US$2,033 (CA$2,000) for each year of the next three years. It offers protection of current pension benefits for existing workers, as well as job commitments in all locations.

It also pays new employees less and extends the time it takes them to get to the top of the pay scale.

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.

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.

Canadian Auto Workers president Ken Lewenza said Sunday that the union will shift attention toward developing a revised national auto policy for Canada now that union members have officially signed off on the three major auto agreements.

"One of our objectives coming into these talks was to position our industry for future growth and success, and we did as much as we possibly could on that front," Lewenza said. "But without a comprehensive sector development strategy, the future of auto manufacturing in Canada remains uncertain, at best."

The union's auto strategy proposals include the development of a transparent and consistent auto investment policy, building a green industry, a buy-Canadian vehicle purchasing strategy, a revised automotive trade policy, as well as negotiating Canadian manufacturing footprint commitments.

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