

Wages slip to the wayside in Canadian labour talks

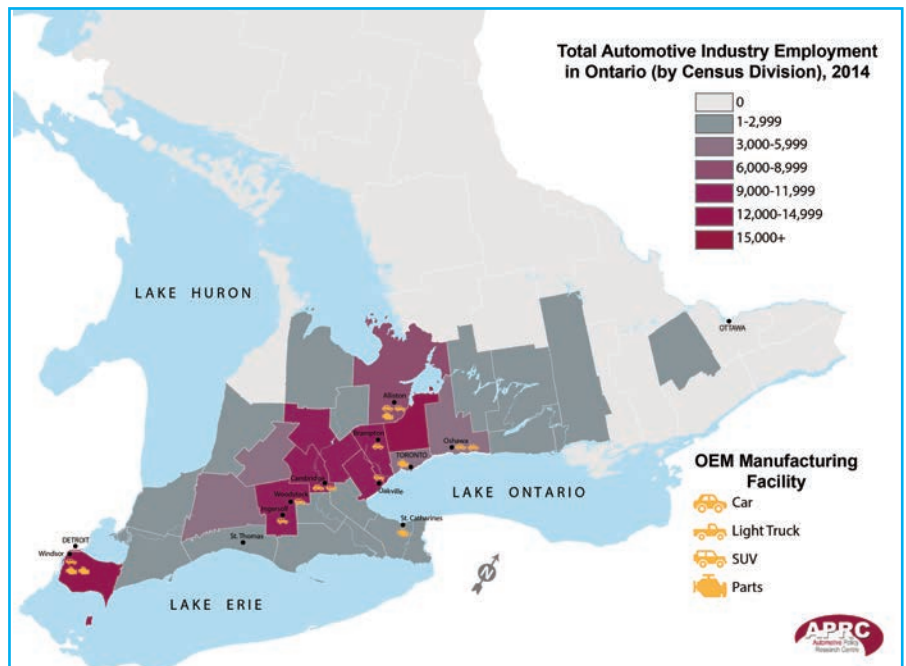
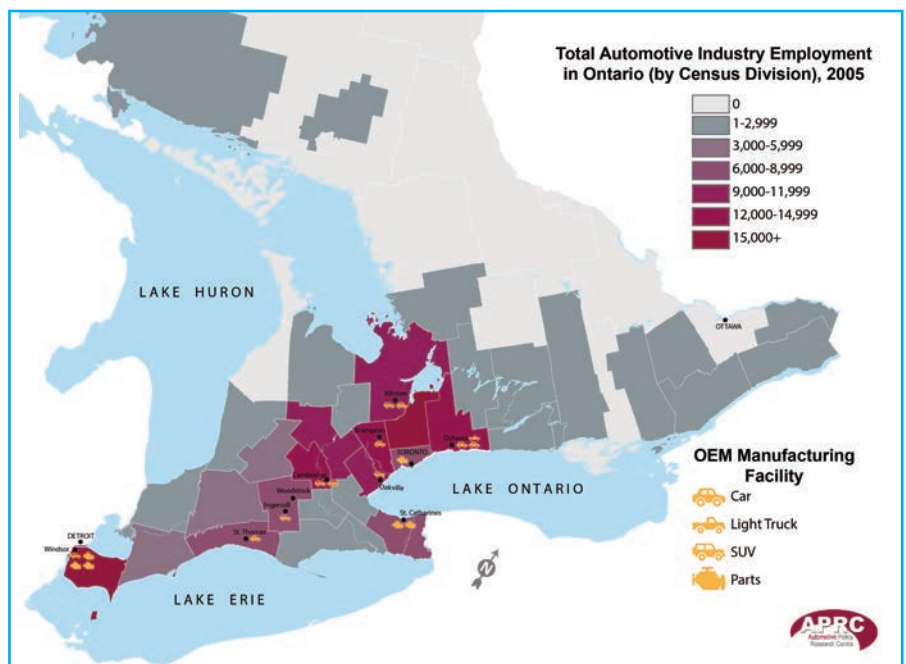
*Production commitment will be the union's primary focus area in upcoming negotiations with the Big Three, writes **Megan Lampinen***

It's coming up to negotiation time again for the Canadian automotive industry, and local union Unifor is set to begin talks with the Big Three this summer. Top of the agenda will be new investment, including new production allocations.

Delegates to Unifor's Auto Council recently met and passed unanimous resolutions calling for each company to commit to bringing new products to Canada. "When we get into bargaining, the number one priority will be maintaining and expanding the footprint of the industry in Canada," commented Chris Taylor, Chair of the Auto Council and the President of Local 200 at the Ford engine plant in Windsor.

The announcement doesn't come as a surprise to most industry watchers. "I don't know if there's ever been a point where investments and jobs were not at the top of the priority list for negotiations," pointed out Kristin Dzciczek, Director of the Centre for Automotive Research's (CAR) Industry and Labour Group. "What it signals to me is that wages are not the number one aim of the talks from Unifor's position, and after two contracts with 0% wage increases for seniority workers, that's a big deal," Dzciczek told Automotive World. "The main areas of concern for Unifor are maintaining production (and therefore employment) in Canada. The 2009 Canadian aid package to the auto industry included covenants to keep production and R&D in the country; those covenants expire in 2016. Several production lines in Canada are at risk."

Art Wheaton, Director of labour and environmental programmes at Cornell University School of Industrial and Labor Relations, echoed this sentiment, telling Automotive World: "Product investment is a critical issue these days." Wheaton





GM is seeking a commitment for its Oshawa plant

believes that productivity and quality in Canada are “quite good” but observed that production costs in Mexico are lower, making it tougher to gain product commitments. “Canada is at a disadvantage due to the lack of a Canadian OEM auto company. The rhetoric in the US election year has increased the Buy American Made in the USA a big issue. The Detroit Three are listening and may choose some product decisions for political reasons in addition to financial.”

Oshawa

Ten years ago, GM’s Oshawa facility boasted three assembly plants, with three different Delphi plants on the complex, but this has dwindled over the years, and today it is down to roughly one and a half lines of light vehicle production. “Unifor wants to come out of negotiations with more secure commitments from GM for Oshawa,” suggested Brendan Sweeney, Project Manager at the Automotive Policy Research Centre and a lecturer in Labour Studies at McMaster University. “There is no dedicated product for Oshawa. Everything made there is also built in another plant somewhere else,” he pointed out. This leaves the facility vulnerable.

“Both Oshawa plants are in trouble,” warned Dzikczek. “Equinox production is expected to start up in Mexico in January

2017, so they will likely not need the Consolidated line (and there are no known future products at this time). The Buick Regal is phasing out, Chevy Impala is also made at a plant in Detroit, and the XTS could be moved to either Detroit or Fairfax, Kansas (plants that also make vehicles on the same platform).”

Ford and FCA

Ford, meanwhile, is down to one assembly plant (a large and healthy one) and two engine plants. “Those engine plants are running pretty lean,” noted Sweeney. “Super high performance and super good work comes out of those engine facilities, but they’re running with about 600-700 people each where they used to have 2,000 people each. I think securing more engine production for Ford is going to be a priority.”

For FCA, Sweeney believes the Windsor plant, possibly the biggest single manufacturing work site in Canada, is “probably secure.” FCA has committed to new minivan investment there but the union may seek out more security at Brampton, which makes the 300s, Chargers and Challengers.

In Dzikczek’s view, “Brampton stays as long as FCA wants to make rear-wheel-drive cars.” As Sweeney elaborated: “It’s not necessarily that FCA Brampton is insecure right now, it’s just that no one

has come out and said the plant is fine, it’s not going anywhere. They are after a guarantee for that.”

Strike

The last full-blown strike across Canada’s automotive industry was nearly two decades ago, and any industrial action at this point isn’t likely to carry much of a threat to the OEMs. “A strike is certainly a last resort, and it could be disastrous,” cautioned Sweeney. “A strike at Oshawa, for instance, wouldn’t disrupt the supply chain. Every vehicle model that’s made there is made somewhere else. It’s not a good tactic.”

At the same time, the union-OEM relationship has changed dramatically over the years, moving away from an adversarial approach to one of cooperation. “A lot of key people have a very professional relationship with one another in Canada,” Sweeney emphasised.

Foreign-owned plants

It’s not just the Big Three that Unifor needs to be concerned with. As Wheaton pointed out: “Unifor is facing some of the same challenges as the United Auto Workers (UAW). The rise of non-union auto production makes it much tougher to negotiate good contracts for the union members.” He went on to add that



GM is seeking a commitment for its Oshawa plant

“Canada has seen the growth of Toyota and other Asian investment while the Detroit Three investment (union) has faded. The unions in both the US and Canada need to make organising foreign owned auto plants a priority or face increasing pressure to maintain membership.”

Government

Unifor National President Jerry Dias has said that ensuring new investments in Canada would benefit the entire Canadian economy. “The auto industry pays huge

benefits to our communities, in terms of spinoff jobs, the wages our members spend in their local communities and the taxes they pay that support schools, hospitals and more,” he observed.

Brad Duguid, Minister of Economic Development, Employment and Infrastructure, pointed out that the automotive industry is one of the most important sectors of the economy, employing close to half a million people directly and indirectly. “It’s important the parties reach an agreement and create the certainty needed so that we maintain

the competitiveness of Ontario’s auto sector,” he told Automotive World.

“We have seen almost CA\$5bn in investment from the auto sector over the last few years, so there is significant investment flowing to Ontario. Auto is experiencing record sales this year and we’re anticipating additional investments in the coming months and years,” he said. “At the same time, it’s a fiercely competitive environment for auto investment so Ontario has to work hard to ensure we get future mandates. That work continues and so do our aggressive efforts to attract investment to Ontario.”

Duguid was clear to emphasise that there would be no government interference in the upcoming Unifor talks, adding: “I know there is no role for government to play in labour negotiations between Unifor and the auto companies or in any labour negotiations for that matter. I encourage both parties to work as expeditiously as possible to reach a deal that is fair to workers but also fair to the industry.”

What the government can do is make use of the tools at its disposal, and these include a low corporate tax rate and generous research and development tax credits. “The result of that is Ontario has built up an impressive array of research innovation capabilities, from the connected car to autonomous vehicles to clean tech to efficient fuels and light-weighting. These are all areas where Ontario has globally competitive strengths,” added Duguid.



FCA Windsor Chrysler Pacifica launch