

A Message to CAW Members at Ford Canada

Dear Brothers and Sisters;

We have endured an incredible crisis this year in the North American auto industry. Due to the global financial meltdown, and the freeze-up of credit conditions, auto sales collapsed. North America was hit harder than anywhere else. Sales dropped as much as 40 percent – worse than any other time in history. Parts-makers and dealers went bankrupt by the dozens. GM and Chrysler would have collapsed, too, without emergency financial assistance from the U.S. and Canadian governments.

As you know, the CAW was required by governments as a condition of that assistance to renegotiate our existing contracts. The resulting changes were painful, but we fought back and achieved some important successes too: no cuts to base wages, no cuts in our pensions, and most of our core benefits were preserved. Given what we were dealing with, we held the line very well. The agreements were strongly ratified by our members; by 87 percent at Chrysler and 86 percent at GM.

What about Ford? The company is clearly surviving better than GM and Chrysler – partly through smart decisions, partly through sheer luck. Ford's new leadership borrowed heavily in 2006 and 2007 to build up a war chest to finance restructuring. Their timing couldn't have been better: they accessed this credit just before the financial crisis hit and new lending ground to a halt. Ford's new models have been popular. And to some extent, Ford has benefited from the problems at GM and Chrysler, capturing customers worried about the bankruptcy of the other companies.

We shouldn't kid ourselves about Ford's situation. It is not as desperate as GM or Chrysler but it is very fragile all the same. Ford has lost money every year since 2005, losses totaling over \$30 billion. It is bleeding cash heavily this year because of the recession. Its sales and production volumes in North America have been cut almost in half. Its debt is huge. It has massive excess capacity; in fact, Ford could produce its current output from half of its existing North American plants.

For us in Canada, the challenge is even worse. The rise in the Canadian dollar makes us look more expensive than in the past (when our dollar was lower). UAW contract changes at Ford (including a two-tier wage system, consolidation of classifications, and the new VEBA fund for retiree health care) have reduced their hourly labour costs well below ours. Ford has cut its Canadian operations more than in half in recent years. Now it is telling us, in essence, that it will downsize even further (possibly even leaving Canada altogether) unless its costs here are reduced.

The pattern bargaining system has worked very well for Canadian autoworkers in the past. Setting a "level playing field" in labour costs allows the companies to fight it out on other grounds (like design and quality), rather than pitting worker against worker. We would put CAW members at Ford at a disadvantage compared to those at other companies and compared to Ford workers in the U.S., if we did not recognize the changes that have occurred everywhere else in the Big Three's operations in North America.

After careful discussion with local CAW leaders in every Ford location, we have decided to open contract talks with Ford this fall. We will discuss various cost savings with Ford, in line with the pattern agreement that has been established at GM and Chrysler. We will not consider any changes in base wages or pensions. We will also discuss the new Health Care Trust which has been implemented at GM and Chrysler, where we get up-front cash to support the future payment of retiree benefits (much like a pension fund) even if the employer were to go bankrupt.

If we cannot reach an agreement with Ford, (including on all local issues) then our existing contract will remain in place (running until 2011). This may seem like it "avoids" the problem, but that's not really true. We would immediately face



Active and retired workers, (including those from Ford) gathered from across the province to rally at Queen's Park on April 23, demanding greater retirement security for all citizens.

an enormous risk of Ford shifting its future investments (including future vehicle platforms) from Canadian plants to the U.S. and other countries. So we are intent on reaching a satisfactory agreement with Ford, but not at any price and of course, any changes must be ratified by the members.

In return for new contracts, both GM and Chrysler made long-run commitments to a proportional Canadian manufacturing footprint that will secure their Canadian plants (and Canadian jobs) well past the collective agreement. We have made it clear to Ford that they must make a similar footprint commitment to Canada as a condition of our contract talks. The situation at St. Thomas is especially challenging, and we are working furiously to try to identify alternative products (even in partnership with other companies) for that location. But future investments must also be guaranteed at Oakville, Windsor, and Brampton if these contract talks are to be successful.

We were as angry as you over Ford's actions concerning the \$1700 vacation bonus. Ford was contractually obligated under our collective agreement to make that payment. Ford tried to hold the \$1700 "hostage" to force us into contract talks. Your national and local union representatives fought back against that insulting action and the \$1700 will be paid as announced. We will not engage in any contract talks with Ford until the \$1700 is paid.

These are worrisome times. We are frustrated and angry that workers are being blamed for an economic crisis that we didn't cause. It was speculators and bankers who caused this crisis, not workers but we still have a responsibility to make the best of a bad situation. That means doing everything we can to protect our future job prospects, our wages, and our pensions.

On July 6, 2009 top Ford officials including Joe Hinrichs, VP of Manufacturing gave a presentation to the CAW Ford leadership from all locations. His presentation outlined details in key areas including; market share, projections on sales in Canada and the U.S., product development and the financial status of the company. Following Ford's presentation, CAW President Ken Lewenza led the group in discussion, concerning the state of Ford. Each location then held internal discussions concerning the decision whether or not to go into bargaining with Ford.

All locations were unanimous that we commence discussions with Ford after our members receive the \$1700 vacation bonus that was held back by Ford. The Master Bargaining Committee will commence discussions with Ford the week of September 8, 2009. We will keep you informed and updated as we move through these difficult challenges.

We will keep you informed as bargaining progresses. Stay tuned for updates and please support your union, as we try to get the best deal possible.

In solidarity,

Ken Lewenza

National President

Mike Vince

*Chair Master Bargaining Committee
President, CAW Local 200*

Dennis McGee

President, CAW Local 1520

Scott McColeman

Chairperson, CAW Local 707

Kim Clout

Chairperson, CAW Local 584

Chris Moynahan

Chairperson, CAW Local 200

Jim O'Neil

National Secretary-Treasurer

Gary Beck

President, CAW Local 707

Scott Smith

Chairperson, CAW Local 1520

Dave Champagne

President, CAW Local 584

Jeff Vilag

Chairperson, CAW Local 200

Tim Little

Chairperson CAW Local 200

Darby McCloskey

Chairperson CAW Local 200



www.caw.ca



The "Give Flaherty the Boot" campaign was started by Ford workers at Local 200 in Windsor and gained momentum across the province of Ontario, collecting thousands of old boots from laid-off workers.