

GM plans to increase Equinox production in Mexico amid strike at Ontario plant

By Greg Keenan

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General Motors Co., facing declining inventories of one of its most popular vehicles because of a strike at a plant in Ingersoll, Ont., has told Unifor that it plans to increase production of the Chevrolet Equinox in Mexico as the strike continues.

The auto maker is looking at different ways to increase output of the Chevrolet Equinox – the bulk of which normally comes out of its Cami plant – by boosting output in Mexico or making use of excess capacity available at some of its U.S. assembly plants, a source familiar with GM's plans said.

The warning to Unifor raises the temperature in a strike that is now in its fourth week with GM and the union, representing about 2,800 workers, in a deadlock over the issue of job security.

The union is seeking a commitment that GM identify Cami as the lead plant for Equinox production, which would put it first in line for new investment when the vehicle is redesigned and last in line for layoffs or shutdowns if the market slows or the vehicle's popularity declines.

Job security at Cami arose as an issue after GM shifted production of the GMC Terrain to Mexico earlier this summer. The Terrain, like its Equinox twin, is one of the GM entrants in the hot-selling crossover segment in both the U.S. and Canadian markets.

The union said that led to the elimination of 600 jobs at Cami, although the number of layoffs was reduced to about 400 through retirement incentives.

The union fears GM could make a similar move with the Equinox, which is produced at factories in Ramos Arizpe and San Luis Potosi

in Mexico “We just want to make sure that if there's a decline in [Equinox] volume, we're going to be okay,” Unifor president Jerry Dias said. “They're not giving us that.”

Mr. Dias confirmed that GM told union officials during a phone call Wednesday that it needs to find a way to meet demand if the strike continues.

“They told us they're going to start to ramp up production [at the two plants] in Mexico,” he said.

He said the union plans to ratchet up the pressure on GM, but would not say what moves it will make.

Unifor could picket General Motors of Canada Co. dealerships, call for a boycott of GM products or picket other GM plants in Canada, including a factory in St. Catharines, Ont. that supplies engines and transmissions to some U.S. assembly plants.

Mr. Dias has argued that shifting the Terrain to Mexico to take advantage of labour rates that are about 10 per cent of the approximately \$32 an hour paid to workers in Ontario makes Cami a poster child for what is wrong with the North American free-trade agreement.

The source familiar with GM's thinking said the strike has nothing to do with NAFTA.

An \$800-million investment GM made at Cami for the redesign of the Equinox for the current model year and the fact that the plant is operating on three shifts a day indicate that the company is confident about Cami's future, the source said.

Mr. Dias said GM made verbal commitments about job security at a plant in Oshawa, Ont., during a set of negotiations five years ago, then

shifted a vehicle out of Oshawa to a factory in Lansing, Mich. The company announced the closing of a pickup-truck plant in Oshawa in 2008, a few weeks after concluding negotiations with the Canadian Auto Workers union, Unifor's predecessor.

Hot sales last month of the Equinox in both Canada and the United States reduced

inventories to 41 days supply, well below the 60 to 70 days worth of vehicles auto makers typically want to have on hand.

AutoForecast Solutions LLC, an automotive consulting firm, estimated that the two Mexico plants produced 11,200 Equinox models last month, while Cami turned out 16,000 before the strike.