

GM to shut Oshawa plant, slash thousands of jobs in bid to cut \$6-billion globally

By Eric Atkins

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Automaker General Motors Co. plans to end production at five North American plants – including Oshawa, Ont., by next year, putting thousands of people out of work as the company retools to focus on electric vehicles and save US\$6-billion.

“The actions we are taking today continue our transformation to be highly agile, resilient and profitable, while giving us the flexibility to invest in the future,” said Mary Barra, GM’s chief executive officer, at a press conference on Monday morning. “We recognize the need to stay in front of changing market conditions and customer preferences to position our company for long-term success.”

GM said it is eliminating several models as it reduces production capacity to focus on battery-powered vehicles. The shift will eliminate thousands of factory jobs and 15 per cent of the company’s salaried staff.

GM said it has no plans to make automobiles at three factories in Oshawa, Ont., Detroit and Warren, Ohio, as well as parts plants in Maryland and Michigan. GM did not say the plants would close – it used the term “unallocated” – but sources tell the *Globe and Mail* the Oshawa facility will close, eliminating more than 2,500 jobs.

GM also said it will end operations at two unnamed plants outside North America next year, in addition to a previously announced shutdown in South Korea.

“This industry is changing very rapidly. We want to make sure we’re well positioned, Ms. Barra told reporters. “We think it is appropriate to do it at this time while the company is strong and the economy is strong.”

“We believe in an all-electric future,” Ms. Barra said.

Jerry Dias, head of the Unifor union that represents about 2,500 employees at the plants, said he does accept that the company has planned no autos for the factory beyond December, 2019.

“We will fight for Unifor Local 222 members to keep these good paying jobs at [the] Oshawa assembly plant,” Mr. Dias said.

GM’s Oshawa plant assembles the Chevrolet Impala and Cadillac XTS and finishes Chevrolet Silverado and GMC Sierra trucks. The company’s other Ontario operations include the Cami factory in Ingersoll and an engine and transmission plant in St. Catharines.

In a statement, Unifor Local 222, vowed to press to keep the plant producing. “Remember, our plant has been in this situation before with no product on the horizon and we were able to successfully campaign for continued operations,” the statement said.

The announcement comes shortly after the renegotiation of the North American Free Trade Agreement, which was welcomed by the Canadian auto sector. The proposal boosts regional content of tariff-free automobiles to 75 per cent and requires 40 per cent of a car be made by workers earning US\$16 an hour, shifts that favour Canadian and U.S. plants over those in Mexico and overseas.

However, Canadian negotiators failed to get the United States to lift Section 232 tariffs on imported steel and aluminum. GM, Ford Motor Co. and other manufacturers have warned the U.S. tariffs on metals and foreign autos will drive up prices and lead to layoffs.

GM began making automobiles in Oshawa in 1908. But saddled with higher costs and poor demand for some models, the plant has struggled to retain models to make.

In the 1980s, the facility employed as many as 40,000 people assembling and engineering cars for the United States and Canada.

In 2005, GM cut 3,750 jobs with the shutdown of the Oshawa No. 2 plant and the elimination of a shift at its other car line.

GM was swept up in the financial crisis of 2008-09, and received bailout loans worth US\$60-billion from the governments of Canada, Ontario and the United States.

In 2016, the Oshawa plant was spared closure after GM said it would invest \$400-million to upgrade an assembly line.