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G.M. Plans to Close Canadian Transmission Plant

By [IAN AUSTEN](#)

OTTAWA — [General Motors](#) of Canada interrupted labor contract negotiations on Monday to announce the closing of a plant that makes automatic transmissions and has 1,400 employees.

The factory, in Windsor, Ontario, across the Detroit River from G.M.'s global headquarters, will close in about two years. It will be the first time since 1919 that the city, which historically was Canada's automotive capital, will be without a G.M.-owned plant. The withdrawal by G.M. comes on top of the shutdown of some [Ford](#) operations in Windsor and employee reductions at a large [Chrysler](#) plant that builds minivans for that company as well as [Volkswagen](#).

The closing also renews concern in Canada about the country's automotive industry, which is almost entirely based in Ontario. Most of the industry's production is sold in the United States, where demand from Detroit-based manufacturers continues to decline. At the same time, the rise of the Canadian dollar to near parity with its American counterpart has eliminated a crucial cost advantage for factories in Canada.

In a statement, G.M. Canada said the company was unable to find a new product for the plant to replace the four-speed automatic transmissions it makes. Those transmissions are being phased out in favor of models that improve fuel efficiency by offering two more gear ratios.

"We have worked extensively with our labor and government partners but have been led to the unavoidable conclusion that there are no available replacement products in the relevant timeframe for this location," Arturo Elias, the president of General Motors of Canada, said in a statement.

The [Canadian Auto Workers](#) union, which is negotiating with General Motors, and governments were briefed by the company about its decision on Friday.

Last week, Basil E. Hargrove, the union's president, vowed to call a strike against G.M. Canada in the current contract talks if it did not find a way to keep the Windsor factory, and other facilities, open. But in an interview on Monday, Mr. Hargrove said that the union now accepted that the shutdown was inevitable.

"I was optimistic until last Friday," Mr. Hargrove said. "They love the plant, they love the people, but they convinced us that with consolidation there's just nothing to put there."

One factor cited by the company, Mr. Hargrove said, was that the plant, which made 784,806 transmissions last year, is on a congested site first occupied by G.M. in the 1920s. The city of Windsor offered G.M. free land in a suburban area and the province of Ontario was prepared to give financial incentives for a new plant, but Mr.

Hargrove said that was not enough to overcome other logistical obstacles.

Mr. Hargrove said that the Windsor factory would only become a potential strike issue if G.M. did not agree to pension changes and other terms to accommodate the employees affected by the closing.

[Honda](#) has recently expanded operations in Ontario, and [Toyota](#) is set to open a plant in the province, but that has done little for Windsor. The operations of the Japanese companies are all several hours away.

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