



Sector's dark cloud may have a green lining

Canadian Auto Workers union on board with plan to tie fuel efficiency conditions to Big Three loans

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Governments are within their right to set conditions on vehicle fuel efficiency as part of any multibillion-dollar support deal with the auto industry, says the head of the Canadian Auto Workers union.

CAW president Ken Lewenza said such a "strategic investment" must be tied to Canada's long-term economic security. Increasingly, labour unions and trade associations have been tying that future to green-collar job creation.

"Do I think the government could put on restrictions? Yes. Any strategic investment decisions from government should have connections to jobs and connections to what consumers are looking for, and if that's a green strategy then that's appropriate," he said.

Both the federal and Ontario governments are heading to Washington this week as U.S. legislators debate whether to grant another \$25 billion (U.S.) in loan guarantees to the Detroit Three – General Motors Corp., Ford Motor Co. and Chrysler LLC. Federal Industry Minister Tony Clement has hinted Canada could play a role in the bailout.

The latest request for help follows \$25 billion in loan guarantees that were granted in September on condition that the money would be used to make more fuel-efficient vehicles. The auto giants, called "devoid of vision" while being grilled yesterday by U.S. legislators, are now asking for an additional \$25 billion so they can pay their bills and stave off bankruptcy.

But some industry critics say any further loan guarantees should be tied closer to producing vehicles that aren't so damaging to the environment, and that government must speed a transition away from fossil fuels. The precarious situation Detroit finds itself in offers an opportunity, they say, for U.S. president-elect Barack Obama to fulfill a campaign promise of putting one million U.S.-built plug-in hybrids on the road by 2015.

If about 85 per cent of the vehicles Ontario produces are exported south of the border, then what gets decided under an Obama administration will have a dramatic impact at home. "Electric vehicles are coming," said Al Cormier, executive director of Electric Mobility Canada, which promotes the development of battery-powered vehicles.

Cormier said Ontario should set a goal that within 10 years all classes of new vehicles built or sold in Canada will be hybrid-electrics like the Toyota Prius, plug-in hybrids like the planned GM Volt, or all-electric vehicles such as Tesla Motors' Roadster sports car.

Alternatively, the fuel-economy rating for any vehicles, including gas-powered models, should be 10 per cent better than the average hybrid-electric, said Cormier, arguing that such a requirement offers a chance to renew the automotive manufacturing base in Ontario and at the same time lower greenhouse-gas emissions from passenger vehicles by more than 80 per cent.

His association is working with Natural Resources Canada and Transport Canada on a roadmap for electric vehicles, to be published in January. "CAW has been very supportive of our efforts," he said.

Kathleen Law, a Michigan state representative, said the federal government told Henry Ford to make tanks instead of cars during World War II, so there's no reason it can't tell the Detroit Three to make greener cars.

"And turbines, too," Law said. "I'd like to see GM spin off one of their plants as a wind-turbine builder, or a solar panel manufacturer."

It's not such a crazy idea, she said, citing a 2005 report finding there were 2,000 firms in Michigan making parts for the automotive sector that could easily be adapted to make parts for wind turbines. "We're the builders, the engineers, and the steelworkers. We're the ones that have these skills."

She said Ontario has the same skills profile and argued that both jurisdictions can benefit from such a transition. "We're all in this sweet spot."

The Blue Green Alliance, a pro-union group based in Minnesota and led by the United Steelworkers, also sees the manufacturing of fuel-efficient vehicles as a key part of a job recovery strategy for the U.S. and Canada.

"These are ideas whose time has come, and all the political and social stars have aligned to allow policy makers to pick this up," said David Foster, executive director of the alliance, who will be speaking in Toronto at the "Good Jobs Summit" on Saturday.

Foster figures that some hard, yet crucial, decisions will have to be made within the next six months in both countries. "We have to chart this path and do it together, smartly and quickly."