

GM to close Oshawa truck plant in 2009

Shutdown to cost 2,600 Canadian jobs

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General Motors Corp. is shutting down its Oshawa, Ont., pickup plant as part of a sweeping strategic shift into cars and cross-over utility vehicles as high gasoline prices kill demand for its biggest vehicles.

Production at the Oshawa factory, just east of Toronto, will be stopped some time in 2009, likely mid-year, resulting in up to 2,600 workers their losing their jobs. Three other truck plants in Ohio, Wisconsin and Mexico will also see a production decline.

"These are, for sure, difficult decisions," said Rick Wagoner, GM's chief executive, at a news conference on Tuesday morning during which the four plant closings were officially announced. He said it is "unlikely" the Oshawa truck plant will reopen.



CREDIT:

CAW president Buzz Hargrove told a news conference Tuesday that GM's closure of the Oshawa, Ont., pickup plant violates the recent contact agreement.

CAW president Buzz Hargrove told a news conference later that GM's closure of the Oshawa pickup plant violates the recent contact agreement and will cost 2,600 jobs.

Wagoner also said that GM is considering either a revamp or outright sale of its Hummer brand, and added that GM is boosting the development of smaller vehicles.

"In the North American market, (there is) a very, very significant drop off in the truck business," said David Paterson, vice president of corporate and environmental affairs at GM of Canada, in an interview on Tuesday morning. "We do think the market change is structural. We don't see gasoline prices changing. And I mean the numbers in the truck market are just kind of staggering in the short term in terms of the shift from trucks to cross-overs and cars."

GM joins Ford Motor Co. in saying publicly it believes consumers are gravitating in a permanent way away from the largest SUVs and pickup trucks as gasoline tops \$4 US a gallon in the United States. Ford said last week it is delaying its goal of returning to profitability by 2009 because of the change.

Paterson said GM has not made a final decision on whether to close the Oshawa plant permanently. He said the company would watch market conditions before deciding.

The increased and accelerated shift to cars means GM's car plant, also in Oshawa, will grow, a source said. More than 3,000 workers there now make the Chevrolet Impala and Buick Allure models on three full shifts of work. That work will continue on a longer basis. In addition, GM will build two new cars there on top of the already-announced Camaro car, the

source said, including one front-wheel drive car. That may boost employment past current levels. GM Canada president Arturo Elias made a significant last-minute push on GM's senior management in Detroit to win the new cars, a source said.

The allocation of a front-wheel drive car is a significant because such cars generally have better fuel economy than rear-wheel drive cars.

Buzz Hargrove, president of the Canadian Auto Workers union, has said he is concerned Canada is building too many large and rear-wheel drive vehicles.

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