



## **Media Release for CAW National comprehensive distribution**

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### **CAW Criticizes U.S. Subsidy to Caterpillar Locomotive Sales in Canada**

(Toronto) The President of the Canadian Auto Workers has reacted angrily to news that a U.S. government agency is subsidizing sales of U.S.-made locomotives to a Canadian mining operation – locomotives made by the same company that recently closed its only Canadian manufacturing facility.

“This is just another indication that the so-called rules of free trade are not working for Canada,” said Ken Lewenza, the union’s president.

The Export-Import Bank of the United States (known as Ex-Im), owned by the U.S. federal government, recently announced approval of \$83.1 million in loan guarantees to support the purchase of six locomotives made by Electro-Motive Diesel Inc., along with other U.S.-made railway equipment. The machinery is being purchased by the Iron Ore Company of Canada (a subsidiary of global mining giant Rio Tinto) for a mining operation in Labrador.

Electro-Motive is owned by Caterpillar, the U.S.-based machinery giant that recently shuttered its London, Ont., locomotive plant (after demanding a 50-percent pay cut from its Canadian workers). That was only 18 months after Caterpillar bought Electro-Motive (which had operated in Canada for decades), in a takeover that was permitted by Investment Canada.

“These locomotives will be used to extract Canadian resources, and they should be made in Canada” Lewenza said. “It’s an incredible slap in the face, given how offensively Caterpillar treated Canadians.”

“The U.S. government is subsidizing the destruction of Canadian jobs. Worse yet, our own government is standing by and letting it happen.”

Ex-Im subsidized a total of \$550 million in U.S. locomotive exports in 2011, as part of an overall \$33 billion package of preferential loans and loan guarantees offered last year to foreign purchasers of U.S.-made products.

Lewenza recently wrote to federal Trade Minister Ed Fast, with several proposals for how Canadian trade policy should be reformed in light of the Caterpillar debacle. Lewenza asked Mr. Fast to impose emergency duties on Caterpillar imports in wake of the London closure, to offset the impact of major U.S. subsidies on Caterpillar’s operations and

location decisions. In addition to the Ex-Im support, Caterpillar's U.S. locomotive operations have also benefited from large municipal and state subsidies paid to the company's new factory in right-to-work Indiana, as well as Buy America regulations that establish minimum U.S.-content in major projects. Lewenza's complete letter to Mr. Fast is available at [http://www.caw.ca/assets/images/fast-caterpillar-trade\\_policy.pdf](http://www.caw.ca/assets/images/fast-caterpillar-trade_policy.pdf).

"Canada is surely the only country in the world that would allow a multinational corporation to purchase an important industrial asset, blackmail our workers, shut down the plant entirely – and then sell the same products back to us, helped by government subsidies, to extract our own natural resources."

"This is a symbol of the incredible failure of our entire trade and industrial policy framework," Lewenza said. "Other countries actively promote and protect their own industries, regardless of what the trade rules say. Canada is the only one still wearing a Boy Scout's uniform, promising to play by the rules, no matter what."

Lewenza repeated his proposal to Mr. Fast that resource developments in Canada be required to meet thresholds regarding Canadian-made inputs and equipment – similar to the U.S. Buy America policies.

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