Time for federal government to get tough on multinationals
Investment Canada Act needs serious overhaul
says Canadian Labour Congress

As nearly 500 workers in London, Ontario are locked out by Electro-Motive – a subsidiary of US multinational giant Caterpillar – the Canadian Labour Congress reiterates its call for a serious overhaul of the Investment Canada Act.

The Canadian government needs to get much tougher on foreign multinationals who buy Canadian companies and fail to live up to their promises, CLC president Ken Georgetti writes in a letter to Prime Minister Stephen Harper. The Investment Canada Act must be changed to allow for an open and transparent process when reviewing proposed foreign takeovers.

The CLC supports the CAW's call for the government to disclose the terms and commitments made by Caterpillar for government approval of their purchase of Electro-Motive in 2010. Caterpillar is just another in a long line of foreign multinationals, like Vale S.A., Xstrata, and US Steel, that have bought up Canadian companies in recent years only to demand massive wage and benefit concessions, layoff workers, or even close their Canadian acquisitions in violation of their commitments made under the Investment Canada Act.

Electro-Motive (Caterpillar) tabled a final offer to the London workers that would slash wages in half, eliminate the defined benefit pension plan and drastically cut benefits. Caterpillar bought Canada's only locomotive manufacturing plant, Electro-Motive, in 2010 through its wholly-owned subsidiary Progress Rail Services. Electro-Motive benefited from tax measures to increase deductions for locomotive buyers estimated to be worth $5 million, by the Harper government in 2008.

Read Ken Georgetti's letter to the Prime Minister

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