Automaker Stellantis suspends construction on Windsor, Ontario EV battery plant in bid for bigger government handout

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Since the beginning of the week, construction has been partially halted on the Stellantis-LG Energy Solution electric vehicle (EV) battery "gigafactory" being built in Windsor, Ontario, Canada. Through this action the multi-billion dollar transnational corporations behind the joint venture are seeking to extract massive additional giveaways from the federal Liberal government in Ottawa and Ontario's Progressive Conservative provincial government at Queen's Park.

The CAD $5 billion NextStar Energy facility was announced in March 2022 with the support of at least CAD $1 billion in public funds split between the federal and Ontario governments. It is projected to begin operations in early 2024 and directly employ 2,500 people.

Stellantis and LG announced last Friday that they were implementing "contingency plans," claiming the government of Canada has not delivered on its subsidy agreement with the two companies.

This came on the heels of an announcement last month that the federal government has agreed to give Volkswagen up to $13.2 billion over the next decade to build its first North American battery gigafactory in St. Thomas, Ontario, halfway between Windsor and Toronto. The Ontario government is also providing Volkswagen with hundreds of millions in giveaways.

Speaking in St. Thomas on April 21, at the official announcement of the $7 billion facility to be opened in 2027, Canadian Prime Minister Justin Trudeau said that the eye-watering handout for VW—equal to about 15 percent of the company's stock value—was necessary to challenge the United States for the construction of new EV-related production in North America. "We put up a lot of money," Trudeau declared, "Everyone wanted this."

According to the *Toronto Star*, Trudeau and federal Industry Minister François-Philippe Champagne planned to use a state dinner in Seoul, South Korea yesterday to make clear that the federal government is more than ready to give Stellantis and LG Energy Solution further massive handouts for their Windsor battery plant. Signalling that he planned to bow and scrape before LG Energy CEO Young Soo Kwon, Champagne said, "I want to reassure him of Canada's position that we're very pleased with the investment, we want it to go forward. I know who he is, so we just need to find him in the room, but trust me … I'm not very shy, so if he's in the room, I will talk to him."

The *Star* reported this week that the Trudeau government had been warned last month in a letter from Stellantis and LG executives that they could pull out of the Windsor project if Ottawa did not close the "competitive gap" with the United States. The Inflation Reduction Act (IRA), signed by President Joe Biden in August 2022, gives manufacturers a $4,500 subsidy for each EV battery they produce in the US by 2032. While the deal with VW meets this threshold, the Stellantis-LG deal predates the IRA and the companies are now seeking to be brought to the same level.

Liberal MP Irek Kusmierczyk, who represents Windsor in Parliament, has likened Stellantis-LG's extortion scheme to a "second negotiation," and reassured his constituents that the plant would be built.

The Trudeau government has in turn used Stellantis-LG's threats to turn the screws on the Doug Ford-led Conservative government in Ontario to pony up more public monies. “I’m very confident that we will come to an agreement with LG and Stellantis,” Champagne told reporters Tuesday. “The message to our colleagues in Ontario, is you know, pay your fair share. And we will bring this stalemate, if you want, to a conclusion.”

“I am absolutely confident that we’re going to get a deal. But I also want to point out that the resources of the federal government are not infinite,” Canadian Finance Minister Chrystia Freeland also told reporters, according to Reuters. She also called on the Ontario government to contribute its “fair share.”

Ford has so far refused to publicly accept Ottawa’s demand for the provincial government to increase its subsidy, telling reporters he was “disappointed” in the federal government’s handling of the deal and called on them to “step up.”

“We’ve signed a deal with Stellantis … quite some time ago … on infrastructure and we gave them the exact same amount as we gave Volkswagen, and we need the federal government to come to the table and show their support like they have all along,” Ford said Monday. However, behind the scenes, the *Globe and Mail* reported that talks are underway to hash out how additional funding will be split.

Expressing the union bureaucracy’s complete subordination to the companies, Unifor President Lana Payne pleaded for the government to open the money spigot and give Stellantis-LG whatever they demand. “It’s outrageous that tens of thousands of jobs are in jeopardy due to a failure to come to terms on government investment,” Payne said in a statement. “The situation is as serious as it gets. This needs to be resolved immediately to preserve workers’ livelihoods and construction of the EV plant can resume.”

For decades, Unifor (the former Canadian Auto Workers) has systematically pitted autoworkers in Canada against their class brothers and sisters in the United States and Mexico in a race to the bottom to secure investments by giving up wages, conditions, and other benefits. This nationalist-corporatist strategy—the mirror of that pursued by the UAW in the United States—has produced a devastating decline in living standards for autoworkers across North America, while profits for the auto giants have skyrocketed. During the last round of bargaining in 2020, Unifor boasted that it had secured the “Canadian footprint” in auto manufacturing. It did so by offering huge concessions to the Detroit Three, including the entrenchment of a multi-tier wage system and various initiatives to force older, higher-paid workers out of the plants.

Unifor has over 23,000 members at Stellantis, GM and Ford assembly plants in Canada and 17,000 members at approximately 100 auto parts plants. Payne told *Automotive News Canada* last week that she expects Unifor will be able to easily expand into the Volkswagen battery plant thanks to the company’s history of close cooperation with the unions in Germany. Unifor, which has overseen a dramatic reduction in the jobs and living standards of autoworkers at Stellantis’ operations in Windsor and across Canada since 2008, also expects to expand its dues collections to the Windsor battery plant.

Despite the optimistic face presented by government and union officials that a quick resolution will be found, industry experts have warned that Stellantis-LG could easily scuttle the Windsor project if their terms are not met. “This is a very serious situation,” Brian Kingston, president of the Canadian Vehicle Manufacturers’ Association, told the *Globe and Mail*. “If this is not resolved quickly, there are contingency plans. This is not a negotiating tactic.” He said Canada would have to match the IRA subsidies in order to save the plant.

A subsidy on par with VW for Stellantis-LG would amount to $5.2 million per worker employed at the Windsor plant. Meanwhile, the current average wage for an auto parts worker in Canada is $17.35, or less than $34,000 per year, according to talent.com. If Stellantis—backed by Unifor—gets its way, the governments of Canada and Ontario will be underwriting massive corporate profits, while auto workers will be slaving away for poverty wages.