

A Time for Action

Canada has a long and rich automotive history. Only recently we ranked as the fourth largest producer in the world, and punched far above our weight in international auto trade. Unfortunately, that legacy has been undermined by global pressures and policy neglect. Yet despite its recent tribulations, Canada's auto sector remains vibrant and resilient, and is still crucially important to our national economy.

Still Critical:

Auto assembly and parts manufacturing, despite the troubles of the last decade, still make a disproportionate contribution to key Canadian economic metrics:

- Total Direct Employment: 120,000.
- Total Employment (counting "spin-off" jobs): over 400,000.
- Total Shipments: \$56 billion (assembly); \$27 billion (parts).
- Total GDP: \$17 billion value-added.
- Exports: \$66 billion (second-most important export industry).
- Productivity: \$210,000 per worker per year (assembly).
- Average Annual Incomes: \$72,000 (assembly), \$55,000 (parts).

All data 2014. Source: Unifor Research from Statistics Canada, Industry Canada Strategis, includes auto assembly and parts. Spin-off jobs generated at 10:1 ratio from major OEM plants (Center for Automotive Research, *Contribution of the Automotive Industry to the Economies of all Fifty States and the United States*, 2010).

There are many positive signs that Canada's auto prosperity can be regained: growing auto sales, renewed investment in some Canadian locations, 12,000 new auto jobs created since 2009, and a lower dollar. But to take advantage of these opportunities, it is essential that the federal and provincial governments cooperate to develop and implement a consistent and effective National Auto Strategy. With a federal election this autumn, and Ontario a key electoral battleground, this is a crucial moment for autoworkers, and everyone with a stake in this industry, to make our voices heard.

Talk to your local political candidates. Enlist the support of local businesses and chambers of commerce. Discuss the issue at your local union or community meeting. Write a letter to your local paper.

Make sure your voice is part of our call to sustain and grow this vital part of Canada's economy.

We propose eight immediate, concrete steps to kick-start a National Auto Strategy:

Getting Back on the Road:

1. Better integrate the federal and provincial investment attraction efforts, and develop a “one-stop” system to win new investment in Canadian assembly and parts plants.
2. Ensure Canada’s investment incentives are competitive and efficient, with flexible rules and procedures, and sensible fiscal and tax features (for example, removing the current federal tax which is charged on up-front incentives).
3. Ask the House of Commons International Trade Committee to commission an independent study of the \$10 billion trade deficit in automotive products with Mexico, its causes and consequences, and potential strategies for reducing it.
4. Increase fiscal support for Canadian research and development in new automotive products and technologies, in conjunction with industry and universities, with provisions to ensure that Canadian production benefits from the resulting research.
5. Currency imbalances can dramatically affect trade flows and investment decisions. Canada’s interest rate and banking policies should take into account the importance of stabilizing the Canadian dollar at or near its fair value. And future trade agreements must contain measures which offset currency manipulation and distortions by other countries.
6. Ensure that Export Development Canada’s top priority is attracting and supporting investments in Canadian-based factories (not foreign factories).
7. Ensure that Ontario’s new carbon pricing system is applied in a manner that enhances the business case for new investment in Ontario automotive plants.
8. Commit to engaging all stakeholders (through the Canadian Automotive Partnership Council and other bodies) to finally develop and implement a focused, consistent, and effective National Auto Strategy.

For further information, read the Unifor bulletin, “Searching for Stable Ground: Securing the Future of Canada’s Auto Industry,” available at www.unifor.org.