

MAJOR AUTO

Sector Profile



Sector Facts and Figures, 2016

Total Sales <i>Change since 2007</i>	\$70 billion \$8.8 billion
Total GDP (2007 \$CAD) <i>Share of Canadian GDP</i>	\$8.8 billion 0.5%
Exports	\$65 billion
Imports	\$54 billion
Foreign Trade Balance <i>Inflation-adjusted change since 2007</i>	\$11.6 billion -26%
Total Employment <i>Change since 2007</i>	43,000 -9%
Average Hourly Wage (Excluding overtime) <i>Inflation-adjusted change since 2007</i>	\$36.20 -1%
Productivity Growth 2007-2016	23%
Average Work Hours/Week (Excluding overtime)*	35
Average Overtime Hours/Year**	177
Greenhouse Gas Emissions (Kilotons, 2014) <i>Share of Canada's total industrial emissions</i>	622 0.1%
Union Coverage Rate	48%
Unifor Members in the Industry	24,000
Share of Total Unifor Membership	8%
Number of Master Bargaining Units	4

Source: Cansim; Trade Data Online; Unifor Research Department.

*2015 data. **2013 data.

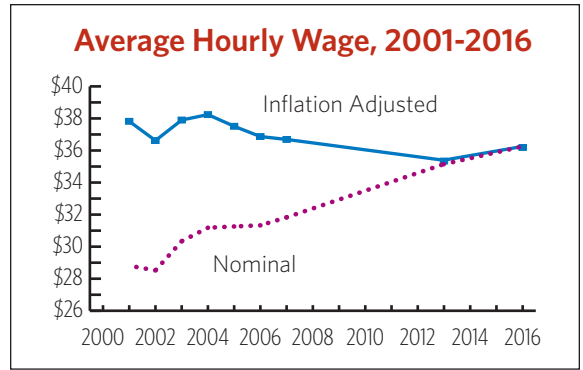


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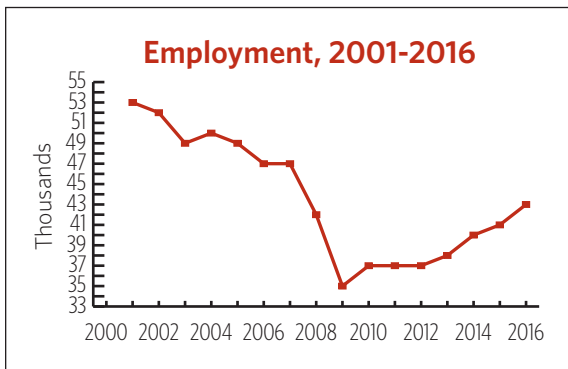
Current Conditions

Canada has a long and rich automotive history. Less than two decades ago 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, and today Canada is almost out of the top ten, despite running a strong motor vehicle trade surplus (amounting to nearly \$12 billion in 2016). When auto parts are included, Canada runs a \$15 billion annual automotive trade deficit. Despite recent challenges, Canada's auto sector remains vibrant and is crucially important to Canada's industrial dynamism and its national prosperity.



the crisis (with total assembly output stabilizing at around 2.5 million vehicles per year and motor vehicle exports topping \$65 billion). Modest but continuing job-creation is another encouraging sign, with roughly 8,000 net new auto assembly jobs having been generated since the depth of the crisis in 2009. Many Canadian plants continue to achieve superior recognition for their quality, productivity and consumer appeal.

On the other hand, the turmoil in the global auto industry has affected labour compensation. Average hourly earnings in 2016 enjoyed a 55 per cent premium over the Canadian average and represented one of the richest wages in Unifor. However, with intense competition and restructuring of the North American industry, compensation has slightly trailed inflation over the past decade, despite significant increases in labour productivity. Winning new investment and product mandates should help reverse this trend.



Canada's auto industry has survived unprecedented upheaval since the global financial crisis and resulting recession of 2008-09. On one hand, the industry has demonstrated impressive resilience: output and exports have returned to levels similar to those that prevailed in the years before

Unifor in Major Canadian Auto

Select Unifor Employers	Approx. # Members
FCA	10,300
General Motors	6,900
Ford Motor Company	6,700

Unifor's 24,000 members in major auto assembly and power train operations of the original equipment manufacturers make up eight per cent of overall union membership and are almost exclusively located in Ontario. The industry is heavily unionized, with roughly half of all employees falling under a Unifor collective agreement, and it remains the "gold standard" for labour contracts in Canada. In an effort to repel Unifor, Toyota and Honda (the non-unionized firms) offer similar compensation and working arrangements (which means they effectively piggy-back on the employment standards set by Unifor).

Unifor's members are spread out across three employers. The synchronization of contracts across the Detroit Three also gives our membership more bargaining power in negotiations. FCA is the largest employer, with more than 10,000 members, while GM and Ford each have nearly 7,000 members.

Moving Forward: Developing the Auto Assembly Industry

The Canadian auto industry is certainly smaller and auto manufacturing communities have endured painful dislocation. But the industry is still here and continues to make an enormous and strategic contribution to national output, exports, productivity and incomes. And the North American market is now at its peak with record sales above 20 million units last year, resulting in strong production levels and profits.

However, the industry's long-term future in Canada is far from secure. Our plants face an intense global competition for new investment and product allocations, which they need in order to remain highly utilized and profitable. Globalization and lopsided free trade agreements have undermined the demand for Canadian-made products, and made it easier for auto companies to exploit low-cost, often repressed workers in other countries. Employers then take advantage of unemployment and insecurity here in Canada to further drive down compensation and working conditions here at home.

In the face of these challenges our union prioritized investment during our 2016 negotiations with the Detroit Three automakers, successfully securing more than \$1.5 billion in capital expenditures and putting our most vulnerable operations on

a much more secure footing. There remain important challenges ahead, including the need for even longer-term investment and commitments.

Unfortunately, despite sustained and strengthened efforts from both the federal and provincial governments in recent years, it remains clear that Canada still lacks an effective, focused, consistent National Auto Strategy. But that's exactly what we need if we are to retain the industry we have left, let alone successfully grow it in future years.

To be fair, the federal government has made important efforts to support Canadian investments, but too often in an ad hoc and inconsistent manner. And in a positive move, the federal government has recently changed the structure of its investment program to provide a far more meaningful support. The re-negotiation of NAFTA provides an important opportunity to bring greater trade balance within North America, and between North America and the rest of the world, but will require a firm stand by our governments.

Major Sector Development Issues

- Ensure the renegotiation of NAFTA secures greater trade balance.
- Implement an integrated national auto policy.
- Develop a consistent, transparent and integrated auto investment program.
- Position Canada as a leader in green automotive production.