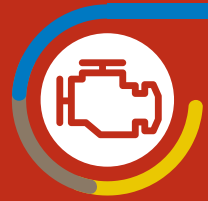


INDEPENDENT AUTO PARTS

Sector Profile



Sector Facts and Figures, 2016

Total Sales	\$30 billion
<i>Change since 2007</i>	<i>\$1.5 billion</i>
Total GDP (2007 \$CAD)	\$8.5 billion
<i>Share of Canadian GDP</i>	<i>0.5%</i>
Exports	\$18 billion
Imports	\$45 billion
Foreign Trade Balance	-\$27 billion
<i>Inflation-adjusted change since 2007</i>	<i>+28%</i>
Total Employment	71,500
<i>Change since 2007</i>	<i>-18%</i>
Average Hourly Wage (Excluding overtime)	\$23.10
<i>Inflation-adjusted change since 2007</i>	<i>-17%</i>
Productivity Growth 2007-2016	11%
Average Work Hours/Week (Excluding overtime)**	37
Average Overtime Hours/Year**	130
Greenhouse Gas Emissions (Kilotons, 2014)	366
<i>Share of Canada's total industrial emissions</i>	<i>0.1%</i>
Union Coverage Rate	23%
Unifor Members in the Industry	17,000
Share of Total Unifor Membership	5%
Number of Unifor Bargaining Units	122
Average Bargaining Unit Size	140

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

*2015 data. **2013 data.

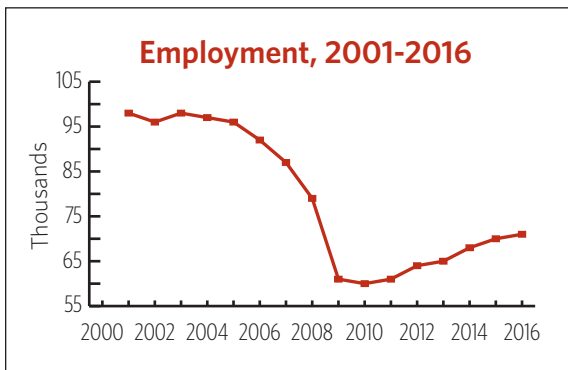


unifor
the Union | le syndicat

unifor.org

Current Conditions

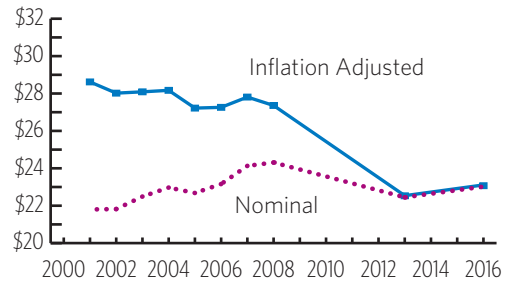
Canada's independent auto parts sector was already caught in the crossfire of the overall decline in the North American auto industry starting at the turn of the millennium, and then the global financial crisis threw the whole sector into total meltdown. The value of Canada's auto parts output fell by more than 40 per cent between 2007 and 2009, hitting a low of \$17 billion in shipments. During that time the industry shed some 30,000 jobs, or one out of three, including thousands of Unifor members.



A slow and steady recovery in the U.S. auto market brought North American auto sales to a record level above 20 million units last year. However, as the market and production returned, auto parts jobs did not fully return to Canada. The good news is that since the low point in 2009, some 10,000 auto parts jobs have come back.

The \$30 billion in sales racked up in 2016 translated into \$8.5 billion in GDP, putting

Average Hourly Wage, 2001-2016



auto parts on par with auto assembly in terms of its economic significance. Although productivity in the auto parts sector is up 11 per cent over the past decade, large and sustained trade deficits undermine job creation. Exports in 2016 amounted to roughly \$18 billion, which is the level attained in 2007 just prior to the Great Recession. However, imports climbed from \$36 billion in 2007 to \$45 billion in 2016, pushing the trade deficit to a historic high. For the sake of the industry, this tendency must be reversed.

The industry's long-term future in Canada is far from secure. It faces intense global competition for new investment, which is needed in order to remain highly utilized and profitable. Given 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, and the parts plants that depend on them, on a more secure footing. There remain important challenges ahead, however, including the need for even longer-term investment and commitments.

Unifor in the Canadian Auto Parts Industry

Unifor's 17,000 auto parts members make up five per cent of overall union membership and they cluster in 122 bargaining units. Union density in this industry currently stands at 23 per cent, which is less than half that found in auto assembly. It may be for this (and other) reasons that both wage levels and wage growth in this industry tend to trail that found in motor vehicle assembly.

Select Unifor Employers	Approx. # Members
Magna International	1,400
Ventra Plastics	950
Flex-N-Gate Canada	900
Syncreon Automotive	800
Autoneum Canada	650
Cooper Standard Automotive	600

Roughly 95 per cent of Unifor's auto parts membership is in Ontario. However, the industry is comprised of many small and medium-sized firms, and the five largest Unifor employers account for just one-quarter of sectoral membership.

Moving Forward: Developing the Auto Parts Industry

In large measure, as assembly goes, so does parts. While not all jobs in Canada's parts sector are directly tied to our assembly plants, the critical core of our parts industry is forged through direct linkages to Canadian assembly. To keep auto parts jobs in Canada we must ensure that our auto assembly base is maintained through re-investment in existing facilities and through securing new assembly investment.

Stabilizing our assembly base, however, is not enough because not all assembly operations are created equal. More than two-thirds of Canada's auto parts jobs result from Detroit Three purchases. Government efforts to encourage transplant assembly investment (e.g. Toyota, Honda) should include measures to boost company-wide domestic content levels. Increasing the level of domestic sourcing can also be achieved by re-instituting an effective tariff on imported parts, as is the practice in many other countries.

Meanwhile, our governments have been tentative in response to these challenges. To be fair, they have made important efforts to support Canadian investments, but too often in a make-shift and inconsistent manner. In a positive move, the federal government has recently changed the structure of its investment program to provide more meaningful support, yet

this program, and others like it, have yet to effectively address the needs of the parts industry. Moving forward, targeted investments should focus on innovative and emerging technologies and new processes, all geared toward moving our parts sector higher up the value-chain.

Ultimately, the long term health of our parts sector is tied to finding new ways to manage global auto trade and correcting our one-way trade imbalances with Mexico, Japan, Korea, and increasingly China. 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

- Implement a strong auto policy to retain assembly plants and the parts plants that depend on them, and extend support more effectively to the parts sector.
- Address growing auto parts trade imbalances with Mexico and offshore producers.
- Fight for more Canadian purchasing by assemblers, especially the Japanese-based automakers.
- Support Canadian R&D and technology initiatives to enhance value-added and create more jobs.
- Organize to maintain a “critical mass” of unionized workers in the sector.



unifor
theUnion | lesyndicat