



## WINDSOR & DISTRICT CHAMBER OF COMMERCE

### **MEMBERSHIP RELEASE ON THE CAW BUY DOMESTIC CAMPAIGN**

The Windsor & District Chamber of Commerce shares the concern with the CAW and the Windsor and District Labour Council about the future of the automotive industry in Windsor & Essex County and in Canada.

We know that the automotive plants and related auto sector businesses are vastly important and have contributed thousands of jobs both directly and in spin-off effects on other sectors of our local economy.

The direct automotive jobs have been a significant economic driver in the Windsor area as the sector employs more than 26,000 in Windsor.

The economic impact on the small business sector, including restaurants, retailers, independent service providers and the entertainment industry, is immense knowing that the autoworkers contribute \$1.6 billion<sup>i</sup> a year in wages to the Windsor area. The automotive industry also supports our local construction, shipping, transportation and tourism industry.

In going forward with its policies and advocacy efforts the Chamber is aware of the significance in economic activity and jobs and the importance of the automotive sector to our business community.

We can summarize some of the key points that demonstrate this importance.

The automotive industry:

- Provides over 26,000 direct manufacturing jobs and produces vehicles & parts worth \$23 billion in 2003.<sup>ii</sup>
- Autoworkers contribute significantly to the local, provincial and federal tax role through income and property taxes.
- Provides spin-off effects in the local economy providing more jobs and more economic activity.
- Provides the much needed emphasis on high tech, highly skilled jobs providing critical apprenticeship and education opportunities for new employees entering the workforce
- Provides support for the University of Windsor, St.Clair College, local charity organizations, local libraries, schools etc. providing for a better quality of life in our Windsor area communities.
- Firms are major employers in the region.

These significant economic and civic benefits of the automotive industry in Windsor & Essex County are coupled with the fact that the region has the highest auto industry concentration in Canada. The Chamber has always supported and will continue to support initiatives that help this critical sector of our local economy.

The well-being of the auto industry is clearly a priority issue for our businesses and the Windsor & District Chamber of Commerce has an important role in focusing its advocacy efforts on the automotive industry and the Windsor-Detroit border crossing as an important catalyst for the industry.

Our role as a Chamber of Commerce is to lobby government on issues of importance to the business community. It implies that for the benefit of all business we take the long view, concentrating on future growth and a positive investment and business climate.

The Chamber's participation in the past has included developing policies that have been sent and advocated to the local, provincial and federal governments on this issue. In our automotive policy statement the Chamber urged all levels of government to come to the aid of the automotive industry by creating a competitive environment for automotive investments.

Our approach to the recent trends in the automotive market-place has been equally weighed on reliance of free market enterprise in which businesses find ways to gain greater share of profits on the strength of the quality and cost of their products and the need to provide a positive business environment to allow the automotive sector to thrive.

We as a Chamber have made it clear that we vigorously pursue a policy of an open and efficient border to allow the automotive sector access to the export market in the United States and we have advocated for an effective auto strategy for Canada in which all levels of government will contribute to create positive market conditions for the auto industry.

The Chamber sees great benefits for our automotive industry if consumers are aware of the impact of their purchasing decisions on the health of the local and national economy. Also, the consumers and the business community will benefit if they are better educated about the products and choices that are available to them.

To that effect there is a strong indication that the products of the North American automotive industry have improved dramatically recently. In a recent J.D. Power and Associates report on Vehicle Dependability we find that "while Japanese-branded vehicles continue to dominate in terms of long-term vehicle quality, the Europeans have lost their edge over the U.S. domestic-branded vehicles."

"The 2003 J.D. Power and Associates study, which measures problems reported by original owners of 2000 model-year vehicles at three years of ownership, finds that although there is near parity between U.S. Domestic and Europeans in terms of initial quality, substantial quality gaps appear between the Domestic and the Europeans in long-term durability. On average, models by domestic automakers outperform the Europeans by 49 problems per 100 (PP100) vehicles at three years of ownership."<sup>iii</sup>

We know that long-term quality measures have a big consumer impact, boding well for the North American vehicle producers. If individuals have good information they will make their own decisions based on facts about these improvements.

The vast majority of the local automotive industry is centered on providing vehicles and parts for the original big three North American based automotive companies, DaimlerChrysler, Ford and General Motors. The reality of the shift in the market share for these manufacturers and the globalization of the automotive manufacturing base have contributed to the recent concerns that the demand for products made in Canada (which have been mostly with North American

nameplates and content) has diminished. Given that these manufacturers are the greatest contributors of manufacturing jobs in the automotive sector locally and in Canada that concern has been further exacerbated.

The Windsor & District Chamber of Commerce shares this overall concern and sees the need to act in advancing the interests of the business community. The first step in the process must be to realize the importance of the change in the industry. Realization that the automotive industry is a global enterprise will direct our efforts on best strategies to work within the international framework.

Second step is to point to the importance of awareness and education in improving the fortunes of the auto sector that is so critical for the Windsor area.

Third step is to work in partnership with the government, organized labour and the automotive industry itself to raise the level of excellence of its products and efficiency of their business processes. If our border crossings are more efficient, if our government makes it convenient and worthwhile to invest in our community and if the trend toward new and better automotive products is continued, we have accomplished our best in mitigating the risks inherent in business.

In other words, if we cannot change the globalization and internationalization of our important industries, we can make sure they are competitive and that more of the global industrial migration finds our shores thus increasing the Canadian content in their products.

The Chamber's policy on the issue of supporting the "big three" manufacturers is to support in principle initiatives that help the strength of our local automotive industry (including the mentioned manufacturers). Most importantly, we need to concentrate not on the short-term strategy but on a long-term effort of the Chamber to advocate free market enterprise and positive economic conditions that will help the automotive industry.

We continue to strive in our efforts for creating a business environment that is tempting and attractive to potential investors in order for them to consider and choose this locality for their planned product expansion.

*Approved by the Windsor & District Chamber of Commerce Board of Directors on February 12, 2004*

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End Notes:

<sup>i</sup> This is according to the CAW internal statistical and other information as released by the CAW locals 444 & 200

<sup>ii</sup> Ibid

<sup>iii</sup> (For more information about the J.D. Power and Associates quality reports you can visit their corporate website: [www.jdpower.com](http://www.jdpower.com))