



## CANADA'S AUTOMOTIVE INDUSTRY - POLICY BRIEFING

### National auto strategy ready in 'next few months'

#### Industry Minister David Emerson planning fall meeting of car manufacturers, government officials

**THE HILLTIMES STAFF**  
The Liberal government's national policy on the automotive sector will be ready in the "next few months," says new Industry Minister David Emerson.

The new MP from British Columbia also said he plans to organize a fall meeting of the Canadian Automotive Partnership Council (CAPC), a relatively new group of car assemblers, parts manufacturers, and provincial stakeholders struck by the federal government in 2002. He said an interim report to be finalized "in the next few weeks" by CAPC will kick start the process leading to the creation of a new national policy.

"Personally, I will use this CAPC report both as a starting point for our future policy work, and as a foundation for engaging in the CAPC process along with my provincial counterparts from Ontario and Quebec," he said in an email interview with *The Hill Times*.

Mr. Emerson (Vancouver-Kingsway, B.C.) was one of Prime Minister Paul Martin's star candidates in the June federal election. He comes with an impressive background. He boasts a PhD in economics from Queen's University, served as deputy minister of finance in the British Columbia, and was appointed president and chief executive officer of Canfor Corporation, B.C.'s largest forestry company.

An edited transcript of the interview follows.

**According to the Canadian Auto Workers union, Canada's auto industry is in the midst of its worst downturn in a generation and that a particularly alarming trend has been the southward migration of new North American auto investments. How would you rate the health of Canada's automotive industry today?**

"It is true that industry output is less than it was at the peak five years ago. This is true across North America. Still, production levels at the assembly level are still higher than they were a decade ago and are at the trend level. Assemblers continue to invest in Canada, with the introduction of several new vehicles over the past 2-3 years. So I believe there is still a strong foundation for

this industry to move forward in Canada. However, like many industries, the automotive sector will need to continue to innovate and adapt to changing competitive conditions."

**Why are car manufacturers not building new assembly plants in Canada anymore? Of the 18 new plants built or announced in North America since 1990, Canada got only one. How do you plan to address this?**

"Since 1990, government support for the auto sector has focussed on ensuring that the business climate is right for attracting investment, that R&D programs encourage innovation, and that skills and training remain front and centre. This approach has worked well. For example, since 1993, Canada has maintained its share of assembly capacity at around 16 per cent of North American light vehicle production, even though Canada represents only eight per cent of North American light vehicle sales.

"Canada is a competitive environment for automotive production and parts assembly within North America, as demonstrated by the recent independent KPMG international comparison of 11 industrialized countries, released in February 2004. Amongst those studied, it identified Canada as the most cost competitive country in the G7 in which to do business, including a cost advantage over the U.S. Capital expenditures have averaged \$3-billion annually for the overall auto sector, and Canadian assembly plants continue to attract significant investments: DaimlerChrysler has invested \$1.4-billion at its Brampton assembly plant, and \$860-million in Windsor; Toyota invested \$650-million in Cambridge; Ford invested \$600-million in Oakville; General Motors invested more than \$1-billion in Oshawa and CAMI in Ingersoll; and Honda invested \$32-million to expand its operations in Alliston, Ontario.

"Thus, we continue to gain substantial reinvestment, and while there have been no new greenfield sites in recent years, our manufacturers, in aggregate, have increased pro-



Photograph by Jake Wright, *The Hill Times*

**ALL LIGHTS GO:** NEW INDUSTRY MINISTER IS PLANNING TO MEET WITH CAR MANUFACTURERS IN EARLY FALL TO DISCUSS A NEW NATIONAL AUTO POLICY.

duction through a more innovative use of existing plants and through productivity increases."

**During the election, the Liberal government promised to invest \$1-billion for the Canadian Skills and Innovation Project, which is designed to encourage research, development and innovation in the manufacturing sector. How much of this will go to help the automotive sector?**

"You are referring to the June 14, 2004 announcement by my colleague Minister Volpe. Details are still being worked out. Officials from a number of key departments are developing options and details which will be brought to Cabinet for consideration."

**How will the money ensure that companies like Ford, General Motors and DaimlerChrysler see Canada as a place to invest and do business?**

"I think it is safe to say that GM, Ford, and DaimlerChrysler and many other companies in many other industries already find Canada a great place to invest. The Government of Canada has created strong conditions for growth - we have produced budget surpluses, a competitive tax regime, low inflation, low interest rates, a liberal trade policy with increased market access, and a strong commitment to innovation programs through initiatives to support training and R&D.

"Some of the companies you mention have approached the federal government - as well as the government of Ontario - for support for their investments. All I will say at this point is that we are in discussions with them, and that we are committed to working to ensure that these investments take place in Canada."

**What do you make of the Conservatives' position that the auto industry would benefit from a reduction of corporate taxes?**

"In fact, by 2005, our corporate tax rates will fall about five per cent below average U.S. rates. And our sharp cuts to capital gains taxes have brought the average top Canadian rate down lower than the typical top American rate.

"The Conservative's position that a reduction of corporate taxes would benefit the auto industry is much too simplistic of a view. Considering the complexity of the automobile industry, we as a government should be providing strategic and targeted support to the industry in order to sustain it and its growth. Skills development, research and innovation, infrastructure, are all things we can do now to secure the future growth of the automobile industry."

**As for the NDP, they have argued that the auto industry's downturn is the result of the Liberal government sitting idly by while the**

**World Trade Organization has stripped away the historic Auto Pact between the U.S. and Canada. How do you respond?**

The Auto Pact was a historic agreement when it took effect in 1965, and helped build the auto industry in Canada. However, the Auto Pact was largely superseded by NAFTA in 1994. Since that year, we have had record auto production, with a historic high in 1999-2000.

"It is important to clarify that we have not stood 'idly by.' As I mentioned, the Government of Canada has been successful in attracting automotive assembly investment to Canada, thanks to our labour costs, skilled workforce, universal health-care system, and investment-conducive business climate. As well, both levels of government have and continue to work extremely hard to bring new assembly plants to Canada."

**When will the federal government come out with a new national automotive policy and what will it look like?**

"The 2004 federal budget acknowledged the vital importance of the automotive sector to the Canadian economy and committed the government to work with industry, labour and Members of Parliament to develop a National Strategic Framework for the Automotive Sector, with a strong emphasis on R&D. The budget also committed an additional \$800-million for environmental technologies, a portion of which could be used for innovative work on fuel-efficient and alternative-fuel vehicles, lightweight materials, and renewable fuels.

"The National Strategic Framework for the Automotive Sector will be developed over the next few months. The framework will address national objectives and horizontal issues which affect the long-term health of the sector, including investment, human resources, innovation and R&D, trade infrastructure, regulatory harmonization, market access, climate change and sustainable development. These efforts will provide a comprehensive framework to guide future policies, initiatives and programs direct-

ed at the Canadian automotive sector.

"The Framework will be developed in collaboration with key federal departments and agencies, and in consultation with industry, labour, academia, Members of Parliament, and the provinces. It will build upon the recommendations and strategic vision of the Canadian Automotive Partnership Council."

**What is the status of the relatively new Canadian Automotive Partnership Council and what role will it play in forging a new national automotive strategy?**

"I understand that the work which has been done to date by CAPC has been very well received by industry stakeholders and observers. I have been briefed on CAPC by Industry Canada officials, and I, too, have been impressed by the substantial progress it has made over the past two years. I will be seeking CAPC's assistance in the development of the new National Strategic Framework for the Automotive Sector.

"As for next steps, we expect CAPC to finalize an interim report over the next few weeks, which will then be presented for consideration by governments and others. Personally, I will use this CAPC report both as a starting point for our future policy work, and as a foundation for engaging in the CAPC process along with my provincial counterparts from Ontario and Quebec."

**The CAPC has had four meetings since its creation in September 2002 and none since the fall of 2003. When is the next one?**

"I am looking forward to participating in the next meeting of CAPC, which I hope can be scheduled for early autumn."

**Will the plan address promoting advanced technology vehicles to the market place such as fuel cell and electric gas-powered hybrid vehicles into the market?**

"Following the announcement in budget 2004, the proposed National Strategic Framework for the Automotive Sector will include strong emphasis on

# Liberal Party auto policy plan is in neutral

## NAFTA signing created challenges Grits don't understand



Photograph by Jake Wright, *The Hill Times*

**POWER SHIFT:** NDP MP BRIAN MASSE SAYS LIBERAL PLAN HEAVY ON RHETORIC AND LIGHT ON SUBSTANCE

By NDP MP  
**BRIAN MASSE**

The Liberals haven't acted on an auto policy in the decade since the end of the Auto Pact. The end of the Auto Pact and signing of NAFTA created challenges for the auto industry the Liberals just didn't anticipate or understand. Similarly, Kyoto presents new opportunities and challenges but with the right policies we can become a world leader in auto manufacturing and innovation. It is long past time that we have a plan to deal with this important manufacturing industry in the context of these new challenges and opportunities.

This past winter, after leaked comments from a Liberal caucus meeting and continued pressure in the House of Commons, the newly minted finance minister, Ralph Goodale, made promises in the budget for an auto policy. No details have yet to be released, and the Liberal platform from the recent election provides no further clue as to the role this government sees itself playing in the auto industry. Former MP Susan Whelan indicated during the campaign that the Liberal Party would have details of their plans for an auto policy before the end of this summer but as usual with Liberal promises, we are still waiting.

A strong leadership role is required of the federal government if we are going to increase our record of getting only one out of 18

new assembly plants built or announced in North America since 1990. The auto industry is our most important manufacturing sector and our biggest export earner but we have fallen to eighth place as a world leader in auto manufacturing. Auto manufacturing supports 150,000 direct jobs and for every auto job, there are seven spin-off jobs. You cannot implement policies that affect the auto industry, without affecting the economy of our nation.

But that is exactly what has happened. The federal government implemented a globalization policy, entering into the FTA and then NAFTA and allowing the World Trade Organization to strip away the Auto Pact. This of course had huge implications for the auto industry and auto communities. The federal government promised that establishing "a level playing field" under the free trade regime would offset the loss of the Auto Pact, a trade agreement that fostered the development of the Canadian auto industry. They argued that Canadian social policy, like our health care and our low dollar policy would put industry in general and the auto industry specifically in a favourable competitive position and the industry would flourish.

They were wrong. In the last decade not one new auto assembly plant has been built in Canada, while 10 have been built in the United States.

We have seen lost oppor-

tunity after lost opportunity in Canada head south to the U.S. or Mexico. These plants are being lured south by governments offering massive financial incentives to manufacturers. Despite a decade of proof, our government continues to insist that our health care system and low dollar are incentive enough to attract new auto investment. This while they have implemented the most massive cuts to our health care system in history!

It should be clear to the government the playing field is not level. The trade deals they signed, which allow huge subsidies and their refusal to come to the table, have put the Canadian auto sector at a huge disadvantage. It has actually been the CAW [Canadian Auto Workers union] that has taken a leadership role, negotiating for new plants at contract time, only to watch the federal Liberals fumble opportunities by arrogance and neglect. We witnessed this in Windsor and Oakville may

suffer a similar fate.

The signing of the Kyoto Protocol on climate change will create challenges, but also opportunities for the industry. In the summer of 2003, the NDP released their "Green Car Strategy," an action plan created in consultation with the CAW and Greenpeace that gives Canadians a real choice to drive green and makes Canada a world leader in promoting air quality and job creation. Implementation of Kyoto will demand the development of more fuel-efficient vehicles. Contrary to what many business leaders say, this will mean more jobs not fewer, if we act now to take advantage of this opportunity and establish Canada as a world leader in the development of new environmentally responsible technologies.

There is no doubt that "Green Cars" are the way of the future. In June, the state of California released an ambitious plan to reduce green house gas emissions. California is considered a

trend-setter in air pollution legislation, and Canada's former minister of environment, David Anderson, indicated that he was willing to emulate the new California laws if carmakers didn't start following the current system of voluntary emissions reductions.

Carmakers have pointed out that large changes like those proposed by California don't just affect the engine and transmission, but go to the heart of the design of every vehicle and the materials used, saying, "It could eventually touch essentially everything about the design of a motor vehicle." It is time that Canada gets in on the groundbreaking comprehensive approach to green technologies that will be the way of the future to continue to ensure that Canada play a leading role in the auto industry."

During the recent election, the Liberals promised that they would give financial assistance to Ford's

Oakville upgrade plan and GM's renovation in Oshawa. This could be a promising start, although to date, no actual details have been released. It is time for the talk to stop and for a detailed action plan to be developed. We need to ensure that we lead in R&D, particularly in new "green" technologies, are able to attract interesting new investment opportunities and not only maintain the jobs that exist but increase the number of manufacturing jobs.

With a positive national strategy we can encourage consumers to purchase a new wave of greener vehicles but we have to ensure that they are manufactured and assembled in Canada. With this type of comprehensive strategy we can begin to reclaim our spot among the world leaders in the automotive industry.

NDP MP Brian Masse is his party's industry critic and represents the riding of Windsor West, Ont.

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# It's crunch time for Canada's auto industry

'We must respond to the southward migration of new auto investment': Tory James Rajotte

By CONSERVATIVE MP  
JAMES RAJOTTE

The auto industry is one of the crown jewels of the Canadian economy. As a whole, this sector that is made up of the production of finished vehicles, parts and related services, is Canada's biggest contributor to manufacturing Gross Domestic Product (GDP) at approximately \$7.5-billion.

It is also our country's largest manufacturing employer. More than 150,000 Canadians are directly

employed in the assembly of vehicles and automotive components. An additional 160,000 are employed in automotive sales and distribution. Typically, seven jobs are created in Canada for every automotive manufacturing job. Auto industry employees are believed to pay roughly \$2-billion in income taxes each year.

This is a critical time for Canada's auto industry. We must respond to the southward migration of new auto investment by work-

ing to achieve a level-playing field with our competitors. If we have fair competition, our auto sector will compete exceptionally well in terms of quality and productivity. The Conservative Party is therefore committed to implement a national automotive strategy designed to ensure the continued success of our automotive industry.

#### • Ensuring open borders and trade

One of the most important issues facing the

industry is the safe and free movement of goods across the border in a timely manner. Trade remains key to the future prosperity of Canada, not just the auto sector. The Ontario Chamber of Commerce estimates clogged borders are costing the Ontario economy \$5.25-billion a year. In future rounds of trade negotiations, the Conservative Party will vigorously push for the reduction of international trade barriers and tariffs.

The proposed improvements to the Windsor-Detroit gateway have been painfully slow, and we believe a resolution should be a priority for the federal government. We need to improve the efficiency of all border crossings in order to increase capacity and decrease congestion, and thus protect Canada's just-in-time (JIT) product and component shipping. In order to achieve these goals, the Conservative Party remains committed to certain infrastructure funds such as the Border Infrastructure Program.

#### • Encouraging innovation and research & development

In order to remain competitive, the automotive industry needs to continue to make advances in manufacturing processes and technologies. Most of this innovation and productivity is achieved outside any government program or government interference. That is why the Conservative Party recognizes the need to create an economic climate geared towards growth by putting in place a competitive tax structure here in Canada. Specifically, we have always supported the elimination of the capital tax as one big step towards a fairer tax structure.

Furthermore, the industry has identified issues that we also believe need to be reviewed such as the SR&ED tax credit and improving commercialization incentives. The Conservative Party has consistently supported funding of innovation, technology, and research through independent granting councils like the National Research Council and the National Sciences and Engineering Research Council. We also support continuing research and development into new fuel technologies such as hybrid buses and ultra low sulphur diesel fuel.

#### • Harmonizing regulations



Photograph by Jake Wright, The Hill Times

**SHOP TALK:** CONSERVATIVE MP JAMES RAJOTTE: 'AUTO INDUSTRY IS ONE OF THE CROWN JEWELS OF THE CANADIAN ECONOMY.'

We recognize the integrated nature of the North American auto industry and realize that, in order to remain competitive, we must work on harmonizing automotive-related regulations between Canada and the United States and Mexico, and between the federal and provincial governments. These regulations pertain to emissions, vehicle safety and components. Canada is and should be a world leader in reducing emissions and improving vehicle safety, but the Conservative Party understands that this should be done so in coordination with our major trading partners and in a cooperative manner between industry and government. For example, the approach of the current government in dictating to the auto industry certain emission standards without regard to the actions of our American and Mexican neighbours is a foolish strategy destined to fail and likely harm our industry. We must also recognize that the Canadian automotive industry has already been a world leader in improving energy efficiency and reducing smog-causing emissions.

#### • Human resources development - attracting and retaining skilled workers

The strength of this industry depends heavily on the quality of the people working in its manufacturing facilities, both on the assembly line and in management positions. We

need to continue to build on a highly educated and skilled automotive workforce through partnerships between the industry and colleges, universities, and trade schools. The new University of Ontario Institute of Technology should play a crucial role in assisting the auto sector's engineering and production management.

We should examine whether the Employment Insurance system can be made more flexible to assist companies in this sector with on-the-job training. Moreover, the Conservative Party has committed to improve the recognition of foreign credentials and prior work experience for immigrants.

#### • Working with the automotive sector to achieve our goals

We applaud the work of the Canadian Automotive Partnership Council (CAPC) and their recommendations on strengthening Canada's auto sector and levelling the playing field with respect to fiscal, investment and regulatory policies. We look forward to reviewing the council's proposals and working with them and other stakeholders - such as the Canadian Auto Workers (CAW) - to ensure the long term growth of this vital national industry.

Conservative MP James Rajotte is his party's industry critic and represents the Alberta riding of Edmonton-Leduc.

## The importance of open borders in a global auto industry

In the 20th century, the Canadian auto industry was built on a foundation of liberalized trade: from the GATT in 1948, to the 1965 Auto Pact and the NAFTA in 1994. Today, in the midst of expanding competition, higher security and deeper economic integration, open and efficient borders are critical for sustaining the highly trade-dependent auto industry in Canada.

Since 1986, more than 6.4 million 'Japanese' vehicles have been made in Canada and 5 million of those have been exported. Moreover, since 1993 exports from Canada have exceeded imports from Japan, the US and Mexico by more than 1.5 million vehicles combined.

Why make so many vehicles in Canada? Simply because it's good business.

And as investment and production grows, benefits are expanding locally. In 2003, three Canadian auto manufacturers (Honda, Toyota & CAMI) built over 671,000 cars, minivans and sport utility vehicles, using parts from over 110 Canadian original equipment parts suppliers. What's more, 75% of production, about 510,500 vehicles, were destined for export to the US, Japan and more than a dozen other countries.

Currently 56,000 Canadians are employed in the manufacture, export and import of vehicles and parts, as well as in sales and service at over a thousand dealerships across Canada. In addition to employment, global competition also provides Canadian consumers with a wider selection of reliable, fuel efficient and affordable vehicles.

Our members are proud to be an integral part of the global auto industry in Canada.

### JAPAN AUTOMOBILE MANUFACTURERS ASSOCIATION OF CANADA

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# Time is running out at Canada's busiest border crossing.



Trucks sit and idle for hours-on-end in lineups stretching 5 km, unable to deliver goods on schedule across an outdated and 'maxed' out border crossing at Windsor-Detroit.

## The warning signs couldn't be more obvious:

- **70,000 jobs across Canada are at risk unless trucks start moving\***
- **600 jobs and a new plant investment lost to Michigan last month relate directly to congestion at the Windsor-Detroit border**
- **Mounting congestion and delay will cost Canada \$8.2 billion in production losses annually by 2030\*\***
- **Production losses = less jobs and combined with border delays will lead to 135,000 fewer Canadian jobs by 2030\*\***
- **Gridlock at border crossings cost Ontario's economy \$5.2 billion annually\***
- **Border delays impact recreational trips and could result in production and output losses to Canada totalling \$90 billion by the end of 2030\*\***
- **Auto analysts point to the border congestion crises at Windsor as the number one problem facing the industry**
- **No long-term decision from the bi-national study until 2008. No new crossing expected before 2015, at least 10 more years** (Bi-National group revised timelines, May 22/04)

## The Jobs Tunnel is needed now.

Years of gridlock and endless delays at the Windsor-Detroit border are driving Canada towards staggering economic losses. Now, with two-way trade reaching \$128 billion annually, on average 10,000 transport trucks inch across this outdated and choked border crossing daily. Unable to deliver shipments on time, companies are fed-up.

The Jobs Tunnel project is an innovative plan to recycle and rebuild 14 kilometers of existing rail corridor and tunnel into a modern, secure, two-lane roadway and tunnel only for transport trucks. A direct route connecting Highway 401 in Windsor and Interstate 75 in Detroit - North America's two major transportation routes. The project also includes construction of a new, rail tunnel designed for high-clearance, triple-deck rail cars.

Developed by the Detroit River Tunnel



Artist's rendering

**THE JOBS TUNNEL™**  
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Partnership, The Jobs Tunnel is a partnership between Canadian Pacific Railway and Borealis Transportation Infrastructure Trust, two prominent Canadian companies, and a team of world-renowned design and engineering firms. Estimated at \$600 million, seventy-five per cent is privately financed with \$150 million being requested from the short-term Border Infrastructure Fund.

Utilizing lands already owned by The Partnership, The Jobs Tunnel project is the only short-term solution which can be completed in less than four years.

How much longer will companies conduct business in Canada if they can't depend on the nation's busiest commercial gateway?

It's time our leaders take a serious look at The Jobs Tunnel project and get Canada moving again.

Contact Matt Marchand for an information kit, to arrange for a presentation or tour the project. 519-973-0075 ext. 223

\* Ontario Chamber of Commerce Study, May, 2004 \*\* Canada-U.S.-Ontario-Michigan Border Transportation Partnership (Bi-National) Study - Economic Impact Report Executive Summary, January, 2004

Get the facts. [www.thejobstunnel.com](http://www.thejobstunnel.com)

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## Industry Minister David Emerson says Canada's car manufacturing industry is on the mend

*Continued from Page 10*

research and development and address the role of advanced auto technologies such as fuel cells and hybrid vehicles in improving the fuel and environmental performance of vehicles. We see these developments as of course good for the environment, while at the same time enhancing the competitiveness of the Canadian automotive industry.

"That said, the Government of Canada has already made a significant commitment in this regard. Last October, the government announced a \$215-million investment to advance the development of the hydrogen economy. Accelerating the development, commercialization and early adoption of advanced technologies is the key element of these investments. Measures to expedite the entry of advanced technology vehicles to the market are being considered collaboratively by various fed-

eral departments."

**How can the government effectively turn consumers on to this new technology?**

"The Government of Canada, through its various funding agencies and programs, is partnering with the industry to demonstrate the advantages of fuel cell and alternative fuels vehicles. Sustainable Development Technology Canada (SDTC), Technology Partnerships Canada (TPC), and the Canadian Transportation Fuel Cells Alliance (CTFCA) are some of the major federally-supported institutions that are very active in supporting industry-led demonstration and technology commercialization projects. Through such demonstration projects, the consumer will be able to see the benefits of fuel cell driven vehicles. Demonstration projects will also provide data necessary for commercialization. It is expected that as fuel cell technology matures, consumer acceptance will widen as savings realized over the life of a vehicle compensate

for the additional up front cost of hybrid and fuel cell vehicles.

"As for encouraging consumers to use some of the newer technologies, the auto industry itself has a role to play, and we are beginning to see, for example, more models with advanced hybrid technologies being brought to market. Other technologies, such as fuel cells, will of course take longer."

**Can you picture a day when auto-makers might be mandated to make vehicles fuel-efficient?**

The Government of Canada and the Canadian automotive industry have negotiated a number of voluntary agreements in the past, including the Company Average Fuel Consumption Standards and National Low Emission Standards for 2001-2003.

"The industry continues to improve the fuel efficiency of its vehicle fleets, and has invested heavily to bring new fuel technologies to market,

including hybrids. As consumers become more aware of the existence and benefits of these types of technologies through various information programs and demonstration projects, demand will no doubt grow and more automotive manufacturers will in turn respond to this increase in demand. Government departments, not just my own, are in continuing discussions with the industry on issues such as fuel efficiency."

**How does Kyoto fit into the federal government's auto industry strategy?**

"Improving new vehicle fuel efficiency is one of the key objectives of the government's efforts to meet our goals related to climate change. The government is working with the auto manufacturers towards a voluntary agreement that will effect a 25 per cent reduction in fuel consumption of new vehicles sold in Canada by 2010. The industry is committed to action in this regard, as evidenced by the overall

commitment to automotive R&D, particularly in the field of fuel cells and the hydrogen economy. Talks with the industry are well underway and I am confident that we will be able to agree on the best ways to realize our fuel efficiency goals."

**Are you concerned by the current mood in American politics, exemplified by politicians like Democratic presidential candidate John Kerry who has come across as protectionist in promising to fight hard to protect manufacturing jobs from moving to Canada and other countries?**

"I think any time there is heightened talk about protectionist measures, we should be concerned. Canada can compete with the best in the world. Our preferred approach is for free and open borders and the free flow of goods and services across those borders."

**How concerned is the federal government about the way regulations are making**

**it onerous for auto makers to do business?**

Regulatory burden to the industry is of great concern to the government. We want regulations to be efficient, rationalized and harmonized within Canada, and with the U.S. whenever it is in the public interest of Canadians. With this aim, the government has recently initiated a task force on Smart Regulation with a vision where government, citizens and business will work together to build a national regulatory system that both enables Canadians to take advantage of a new knowledge economy and supports Canada's participation in the international economy. The Canadian Automotive Partnership Council is also examining this, and I look forward to hearing more about these concerns in the weeks ahead."

**What do you drive at home and how energy efficient is it?**

"A newer model of family sedan BMW."

*The Hill Times*

## The Auto Industry ... Driving Canada's Economy

The automotive industry has been driving the Canadian economy for over one hundred years. Over 500,000 people rely upon the automotive industry – Canada's number one exporter – for their livelihood.

During the last hundred years we have seen many changes, not only in our vehicles and the technology that propels them, but also in the challenges facing the industry.

- Global Industry Restructuring
- Intense Competition for Investment and Market Share
- Production Over-Capacity

To meet and succeed in the face of those challenges all facets of the industry (assemblers, parts manufacturers, dealers, aftermarket suppliers), labour, academia and the federal, provincial and municipal levels of government came together two years ago to form a team – the Canadian Automotive Partnership Council (CAPC).

Together we've identified the following five areas that, when resolved, will better enable Canada's auto industry to continue to be the engine of our economy well into the 21st century.

- Winning Large Scale Investments
- Efficient and Effective Border
- Strengthening Canada's Innovative Capacity
- Smart, Coordinated Regulations
- Skills we Need to Succeed

On November 2nd and 3rd we'll be joining the rest of the automotive industry in Ottawa to meet with policy makers to discuss ways to keep Canada's automotive industry firing on all cylinders.

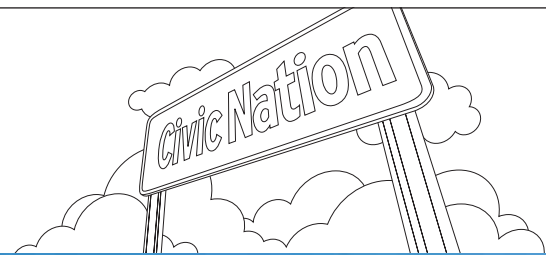


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†Based on 2004 Fuel Consumption Guide ratings published by Natural Resources Canada.

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**HONDA**