

# Keeping Up With Both Sides of the NAFTA Debate and its Impact on the Global Economy



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# WindsorEssex

## ECONOMIC DEVELOPMENT

We advance economic development and prosperity in the region.

We are the region's lead economic development agency and a dedicated catalyst for business growth and expansion. We attract new businesses to our region, help strengthen existing businesses and support entrepreneurship in three key ways:



### *We INFORM*

By providing the most current and relevant information and data on site selection, market research and available government funding.



### *We GUIDE*

By providing answers and advice on general business practices, expansion planning, multi-national branch planning, exporting, and training and educational resources.



### *We CONNECT*

By helping organizations cut through red tape and we connect them with key decision makers, potential partners and funders.



***Learn more about the  
Windsor-Essex Region,  
contact us at:***

**TOLL FREE  
1-888-255-9332**



**Our Location. Your Advantage.**

***choosewindsor.essex.com***

# WE EDC Departments

- ❖ Business Attraction
- ❖ Business Retention & Expansion
- ❖ Small Business & Entrepreneurship Center
- ❖ Institute for Border Logistics & Security (IBLS)
- ❖ Marketing





# A Bi-National Region



# Windsor-Essex Region

- ❖ Manufacturing heartland of Ontario
- ❖ Busiest commercial border crossing and trade corridor in North America
  - 5 Canada/U.S. surface crossings; 6<sup>th</sup> crossing on the horizon - Gordie Howe International Bridge
  - More than \$450 million in goods cross the Windsor-Detroit border every day, representing  $\frac{1}{4}$  of all trade between Canada and the U.S.
- ❖ Geographically - same latitude as:
  - Northern California (Napa Valley)
  - Barcelona, Spain
  - Rome, Italy

**WE ARE SOUTH OF 50 MILLION AMERICANS!**





# Windsor-Essex Industry Mix

## ❖ Key Industry Clusters

- Advanced Manufacturing
- Agri-Business(incl nutraceuticals)
- Logistics/Warehousing



## ❖ Other Industries

- Creative Industries & Digital Media
- Professional Services
- Healthcare
- Renewable Energy & Related Green/Clean Technologies
- Tourism



# Key Statistics

- ❖ More than 1,000 Manufacturers
  - 90+ Auto and Parts Manufacturers incl. 2 OEMs - FCA and Ford
  - 250+ Machine, Tool, Die, Mold Manufacturers
  - 40,000 manufacturing jobs; 20,000 direct and indirect in Auto and related



# Key Statistics

- ❖ Ontario Greenhouse Industry (Majority in Essex County) responsible for 12,000 jobs
- ❖ 75% of Ontario's greenhouse produce is exported to the U.S.





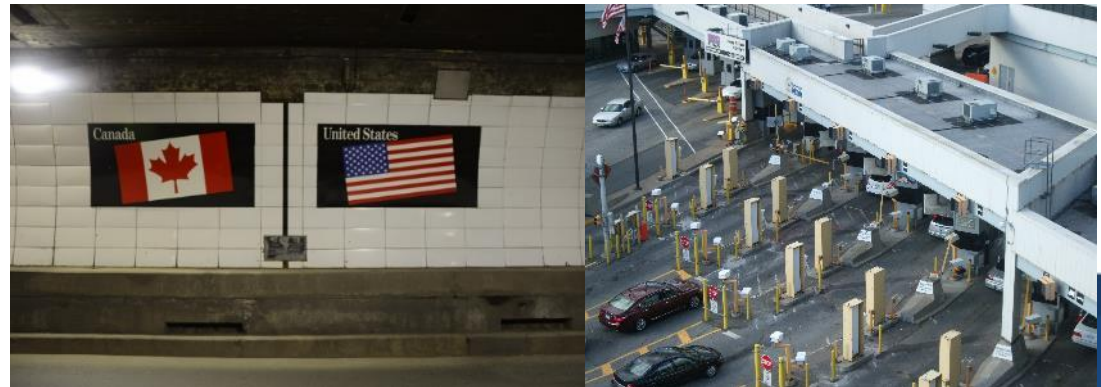
# Integrated Supply Chains

- ❖ Canadian auto parts companies employ more people in the U.S. and Mexico combined than they do in Canada. (*Source: Automotive Parts Manufacturer's Association (APMA)*)
- ❖ APMA reports that Canadian parts makers employ approx. 86,000 people at 270 facilities in the U.S. and Mexico.
- ❖ Parts for the Chrysler Pacifica ***cross the border*** an average of ***seven times*** before the finished vehicles roll off the lines.



# Integrated Regional Workforce

- ❖ More than **6,000 people** residing in the Windsor-Essex region, and **600+ people** residing in Greater Detroit commute daily across the Windsor-Detroit border.
- ❖ Most are doing so thanks to the current provisions under NAFTA for the temporary entry for business persons and professionals.





# Windsor-Essex Company Concerns

- ❖ “Just give us the rules” The uncertainty of re-negotiations with trade agreements creates great trepidation for investment - for both business attraction and expansion.
- ❖ This uncertainty stifles progress on all fronts, and compounds our challenge of maintaining our global competitiveness. The “wait and see” game is costly!
- ❖ The culture of cross-border travel has changed; the highly integrated supply chains connected to the automotive sector, and the fact that many of our Canadian companies have operations in all three countries necessitates daily cross-border travel.

**This is not an immigration issue, it is an economic issue.**



# Windsor-Essex Company Concerns

- ❖ Any thickening of the border will have a negative impact on previously cited trade figures.
- ❖ **Any delay at the border can be viewed as an added border tax.** The criticality of the efficient flow of labour is equally important as the just-in-time delivery of goods. Those who are trying to work or do business on either side of the Canada-U.S. border can be held up due to increased scrutiny of business travelers and documents, depending on whether they qualify for the appropriate NAFTA work visas.





# Windsor-Essex Company Concerns

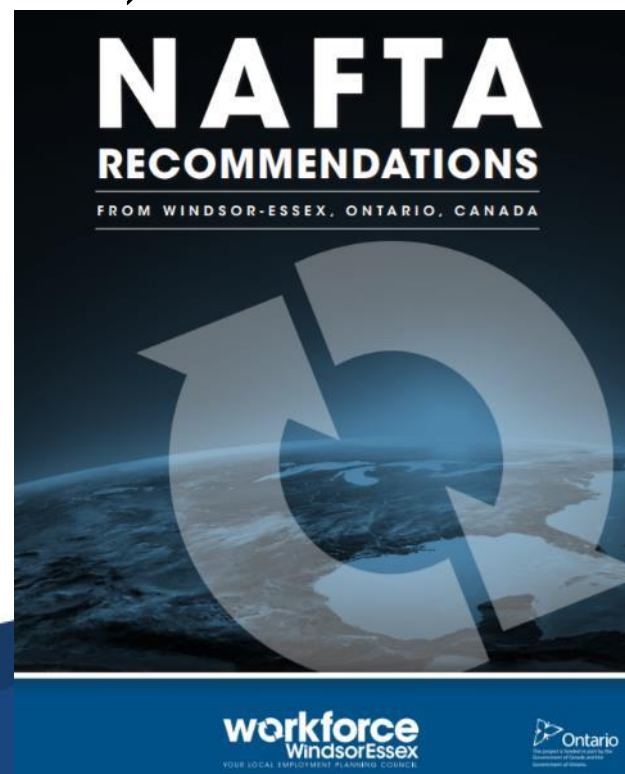
- ❖ The movement of employees between Canada and the U.S. is fraught with delay, confusion, inconsistent decision-making and is confined by an outdated NAFTA Professionals list that does not reflect the modern skills needed by employers in both countries.
- ❖ Potential of driving OEMs out of NAFTA countries to lower cost countries - everyone loses.
- ❖ Increased costs to consumers; reduction in demand.



# Recommendations from the Windsor-Essex NAFTA Working Group

For companies (coping strategies)

- ❖ Assess your supply chain to identify risks from changes in trade policy (eg. Would import/export still make sense?)
  - Distribution channels
  - End customers
  - Supplier bases
  - Internal operations
  - Asset investments
  - Click [HERE](#) to read report





# Recommendations from the Windsor-Essex NAFTA Working Group

For companies continued:

## ❖ Assess Customs Programs

- Custom bonded warehouses
- Temporary import permits
- Duty deferral
- Foreign Trade Zones

## ❖ Work to Influence Policy

- Communicate with government at all levels
- Seek allies: companies, trade associations, labour and other stakeholders



# Recommendations from the Windsor-Essex NAFTA Working Group

For companies continued:

- ❖ Develop A Response Playbook
  - Set of actions to address risks and maintain competitive advantage (under each scenario)
  - Identify triggers that would prompt the reconfiguration of the business
- ❖ Monitor Negotiations
  - Constantly update contingency plans





# Recommendations from the Windsor-Essex NAFTA Working Group

## For Negotiators:

- ❖ Recognize the importance of Canada-U.S., and Canada-U.S.-Mexico trade interdependence
- ❖ Recognize Canada's automotive sector as a key priority throughout NAFTA renegotiations
- ❖ Protect existing mechanisms that promote cross-border labour mobility
- ❖ Increase opportunities for cross-border experiential learning
- ❖ Support the region's global economic competitiveness



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## IEDC International Advisory Committee

THANK YOU

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