

Canadian Public Policy in the context of Regional Trade: What the auto industry needs

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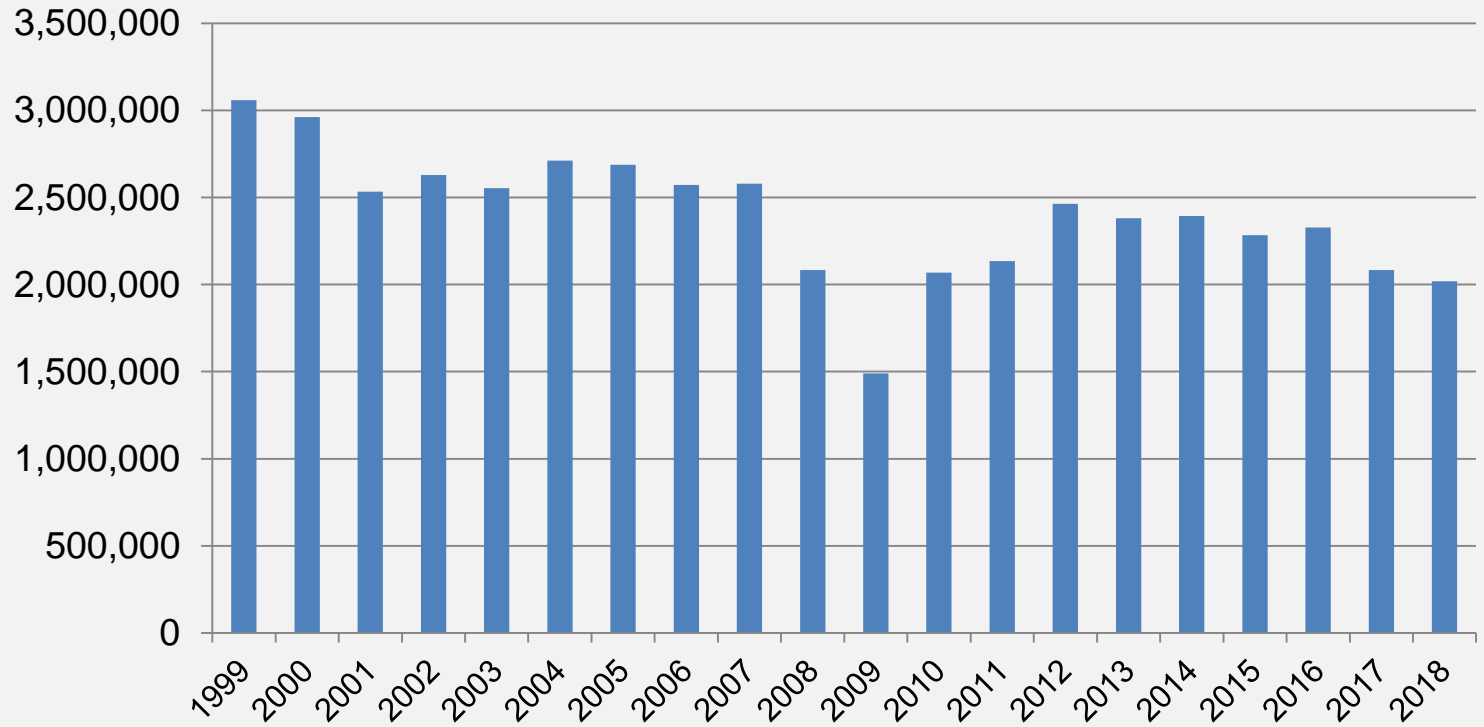
Introduction

Thriving Canadian auto industry needs good future oriented public policy

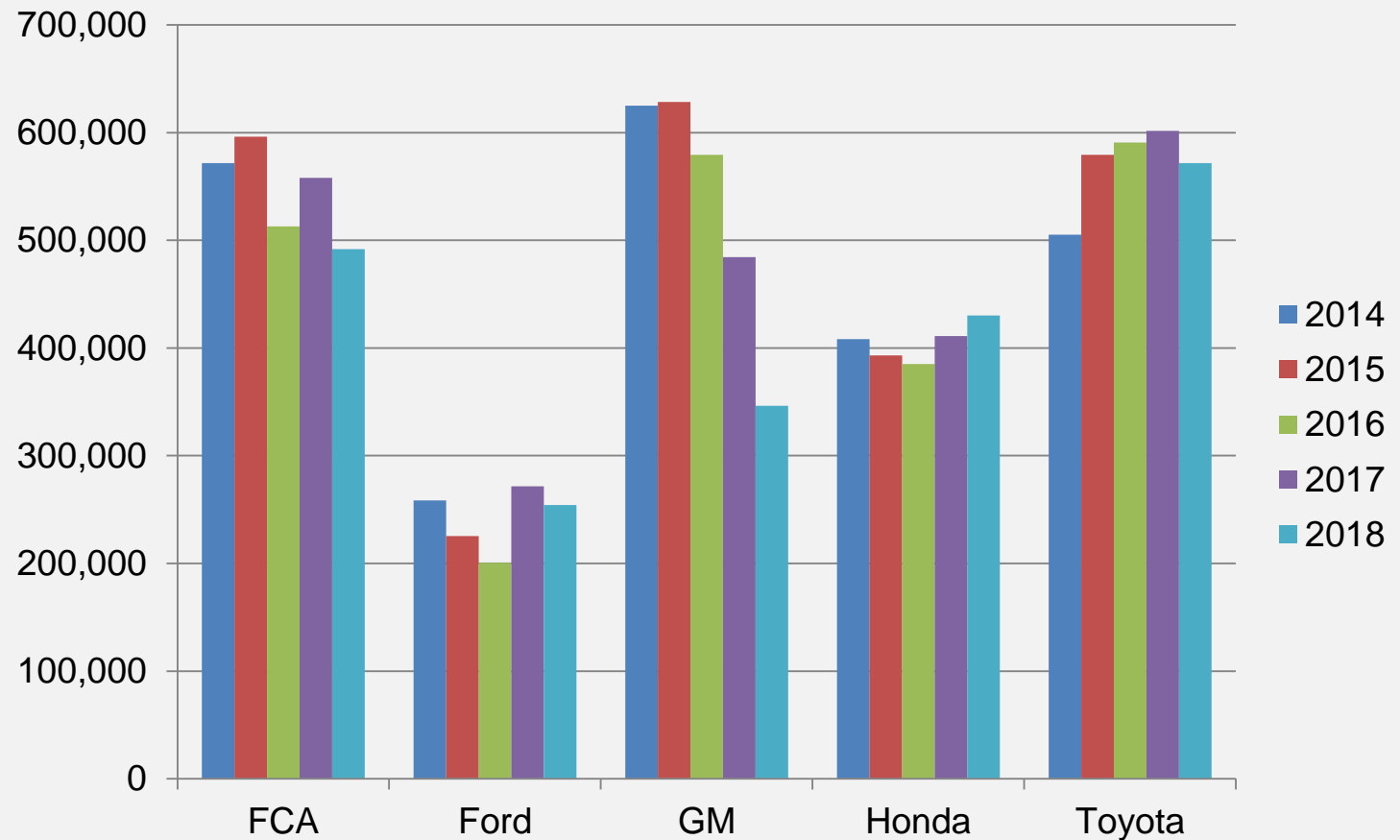
Public Policy levers are constrained by:

- G7 country with small economy, small market, large geography
- Tendency towards nationalism in large economies (US,UK, China, Russia)
- No domestically owned OEM but globally competitive automotive supply network
- Current policies are developed in siloes without attention paid to interconnectivity between different parts of advanced manufacturing economy
- Competing levels of government

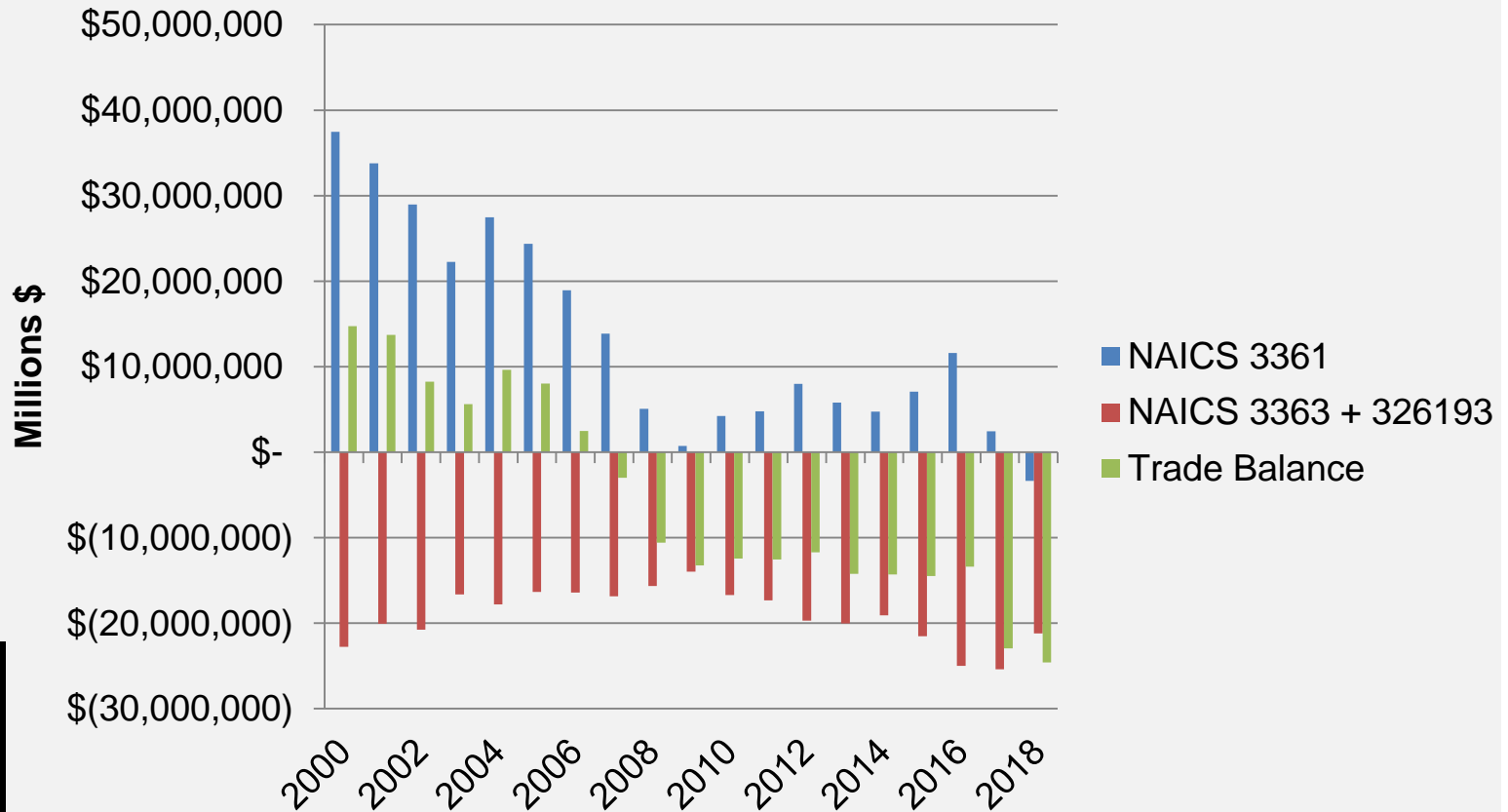
VEHICLE PRODUCTION (UNITS), 1999-2018



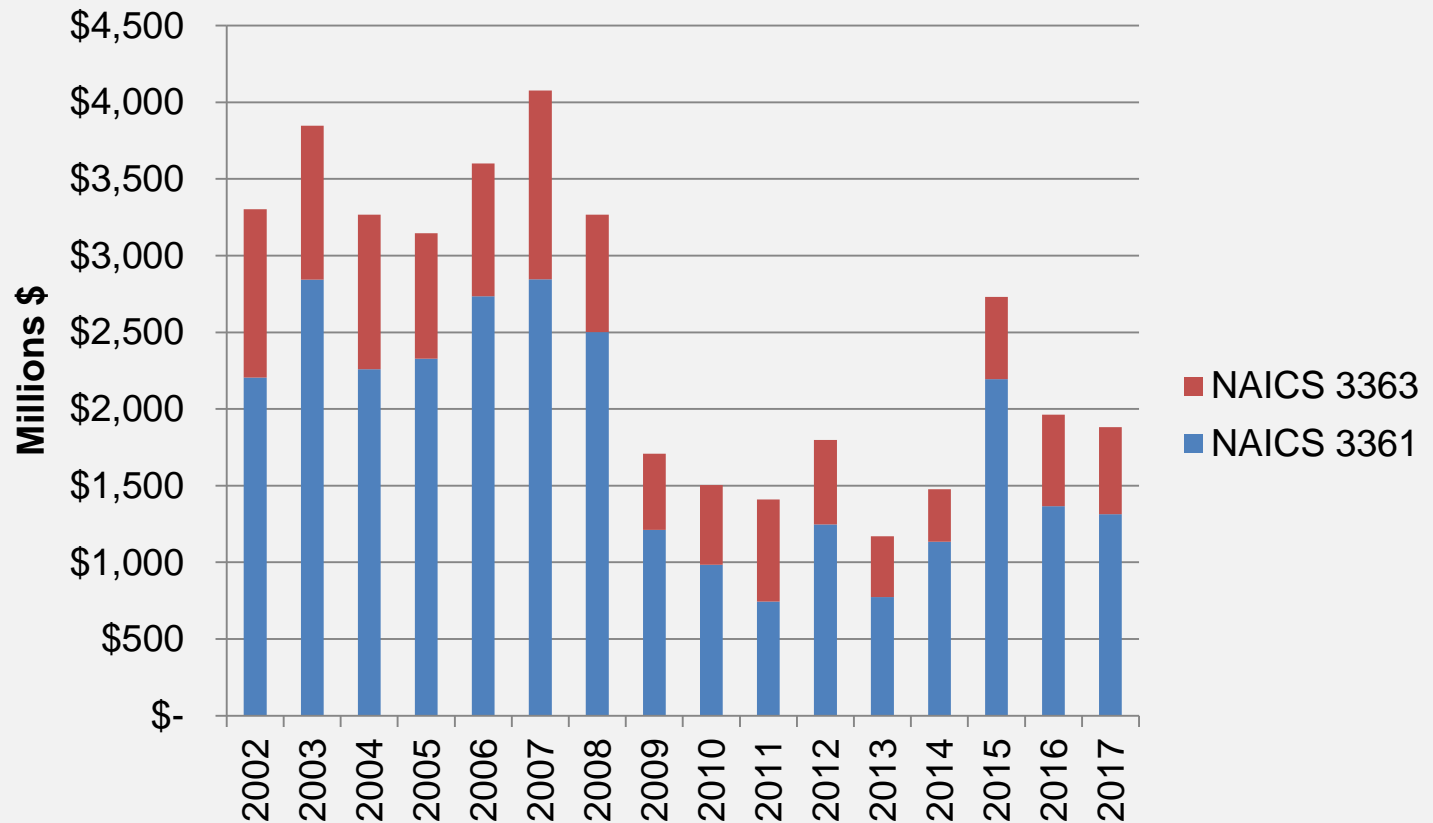
VEHICLE PRODUCTION (UNITS) BY OEM, 2014-2018



TRADE BALANCE, 2000-2018

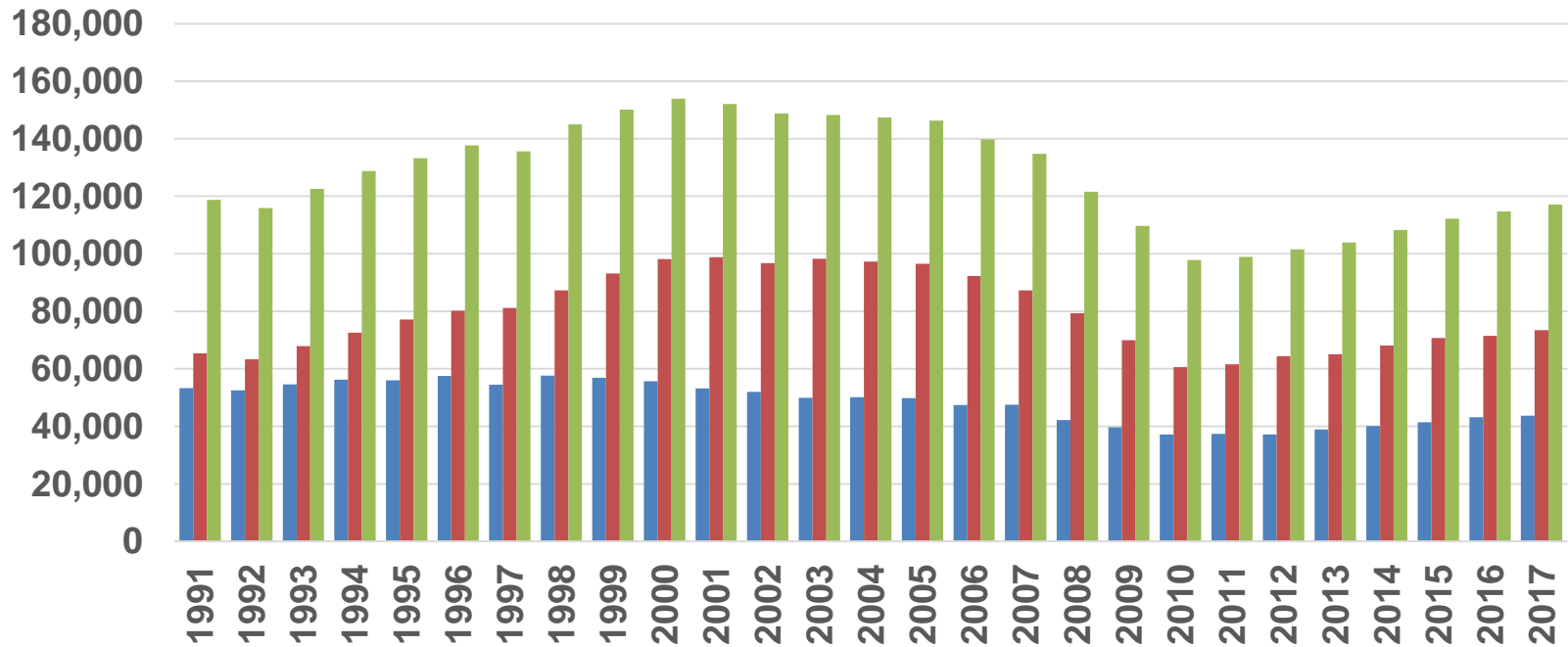


CAPITAL EXPENDITURES, 2002-2017



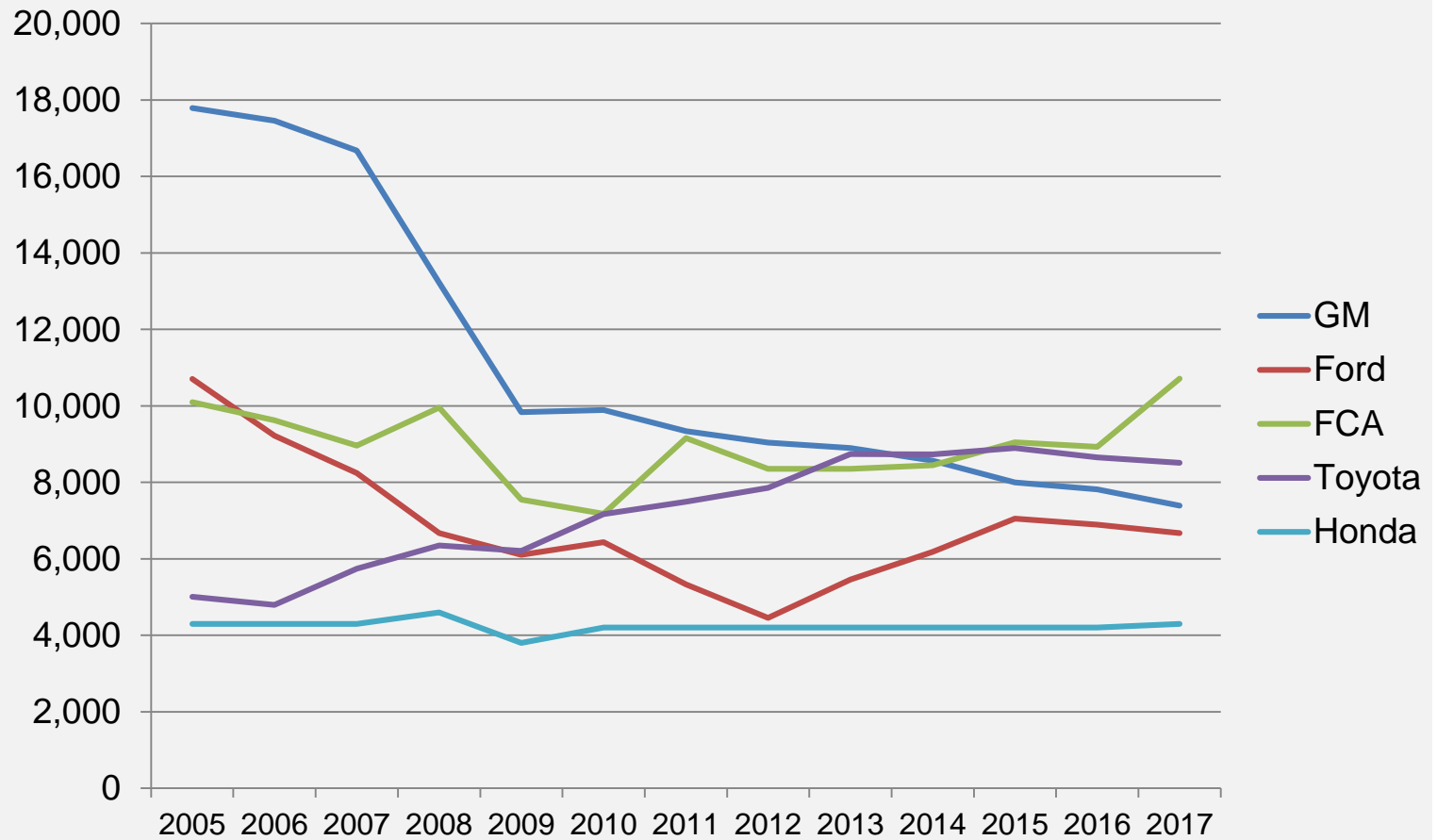
Source: Statistics Canada, 2018; Custom Data

Automotive Industry Employment, Canada: 1991-2017



- Motor Vehicle Manufacturing (NAICS 3361)
- Motor Vehicle Parts (NAICS 3363)

OEM EMPLOYMENT, 2005-2017



4 Pillars of Industrial Public Policy today

- Trade – Canada is world's 12th largest export economy
- Labour Force Development – skills development, Immigration, social policy supports
- Supporting Innovation
- Incenting Automotive Investment – politically contested

These policies lack integration and system wide approach, therefore result is suboptimal impact

Future Public Policy

Alternative approach to industrial policy is needed that knits together current and future policies within an overarching policy framework.

4 Foundations for such a new Industrial Policy:

- Focus on Mobility, not automotive alone – interconnections between modes of transportation and ICT industry
- Supply Chain approach to policy that recognizes cross border supply chain relationships
- Distinguish between policy support for Innovation and Production
- Climate Change is Real: Invest in Canada as platform for Greening of automotive industry