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The Canadian Auto Industry Before and After the Great Recession: A Look at Buffalo from the Other Side of the Border

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The Canadian Auto Industry Before and After the Great Recession: A Look at Buffalo from the Other Side of the Border

Abstract

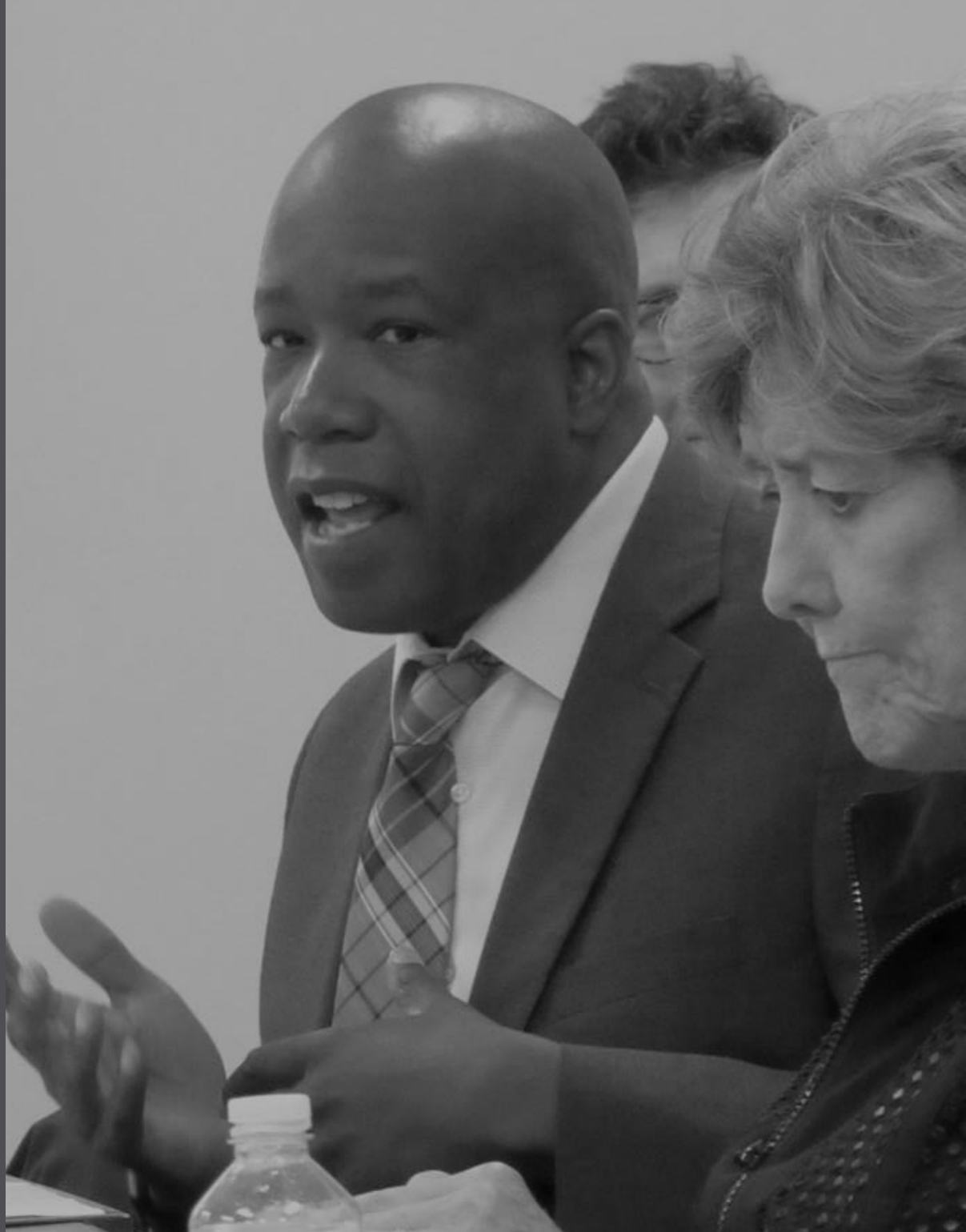
In August 2017, The Worker Institute convened high level leaders over the course of two days, around a discussion of Buffalo, NY Since the Great Recession. With presentations, panels, and a visit to the UAW Local 774, participants gained a deeper understanding of the economic restructuring that followed the Great Recession and where this large metropolitan area stands today. Here, you will find links to the resources that were presented during this two day convening.

Keywords

Buffalo, Economic Development, High Road Economic Development, Presentation, Other, PDF

THE WORKER INSTITUTE

ADVANCING WORKER RIGHTS AND COLLECTIVE REPRESENTATION



BUFFALO, NY SINCE THE GREAT RECESSION A WORKSHOP ON ECONOMIC RESTRUCTURING IN THE RUST BELT SINCE THE GREAT RECESSION

BY: DINCER AND WHEATON

AUGUST 14-15 2017
CORNELL IN BUFFALO AND UAW LOCAL 774

PROGRAM

DAY 1, AUGUST 14, Cornell in Buffalo

Welcome, Arthur Wheaton, The Worker Institute, Cornell University
09AM-09.10AM

Introduction: The Contours of Economic Development in the Rust Belt since the Great Recession
Evren Dincer, Uludağ University
09.10AM-09.30AM

Session I

Main Trends and Issues of Economic Development in Buffalo 09.30AM-12PM

The Performance of the Buffalo Economy Since the Great Recession
Jaison Abel, Federal Reserve Bank of New York

Healing Buffalo's Economy: The Buffalo Billion and Priorities for Economic Development
John Slenker, New York State Department of Labor

General Trends in the Labor Market
Cesar Cabrera, New York State Department of Labor

Labor Market and Challenges for Workforce Development
Heather Gresham, Executive Director, Buffalo and Erie County Workforce Investment Board

Labor's Role in Economic Development and Organizing
Richard Lipsitz Jr., Western New York Area Labor Federation

Economic Development from a Social Justice Perspective
Franchelle C. Hart, Open Buffalo

Lunch Break: 12PM-1PM

Session II

Placing Buffalo in its Geographical and Economic Context: Buffalo as part of New York State and the Rust Belt 1PM-2.45PM

The Role of New York City in the Economy of New York State
James Parrott, Center for New York City Affairs at The New School

Buffalo's Economic Relations with Albany
Bruce Fisher, SUNY Buffalo State

The Role of Community Organizations in Buffalo's Economic Revitalization in a Comparative
Perspective
Ronald Applegate, Cornell University

Buffalo's Economic Development Compared: Buffalo as Part of the Rust Belt
Evren Dincer, Uludağ University

Coffee Break, 2.45PM-3.00PM

Session III
Sectors in Perspective I
3PM-5PM

Buffalo's Housing Market since the Great Recession
Sam Magavern, Partnership for the Public Good

Buffalo's Agricultural Economy since the Great Recession
Diane Held, Cornell University Cooperative Extension

The Finance Sector in Buffalo since the Great Recession
Gary Keith, M&T Bank

Buffalo-Niagara Medical Corridor Experiment: Perspectives on a Project for Economic Revitalization
David Scott, Buffalo Niagara Medical Campus (TBC)

The Energy Sector, Community Development and Sustainability in Buffalo since the Great Recession
Rahwa Ghirmatzion, PUSH Buffalo

Concluding Remarks and Reflections on Day One
Rosemary Batt, Cornell University

DAY 2, AUGUST 15, UAW Local 774

Session IV, 09AM-12PM
Sectors in Perspective II
Manufacturing and the Auto Industry

A Historical Review of the Auto Industry in the U.S. and Western New York
Art Wheaton, The Worker Institute at Cornell University

Recent Trends in Auto Manufacturing in Western New York
Ian Greer, Cornell University

Canadian Auto Industry since the Great Recession: A Look at Buffalo from the other side of the
Border
Mathieu Dupuis, School of Industrial Relations, University of Montreal

The Reindustrialization of the U.S.: Tonawanda Powertrain since the Great Recession
Evren Dincer, Uludağ University

Auto Manufacturing in Buffalo since the Great Recession: A Managerial Perspective
Steve Finch, Plant Manager, GM Tonawanda Powertrain

Labor Management Relations and Restructuring in Manufacturing since the Great Recession:
A Union Perspective
Wenceslao Valentin III, President, UAW Local 774

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The Canadian Auto Industry Before and After the Great Recession: A Look at Buffalo from the Other Side of the Border



BY MATHIEU DUPUIS, IN COLLABORATION
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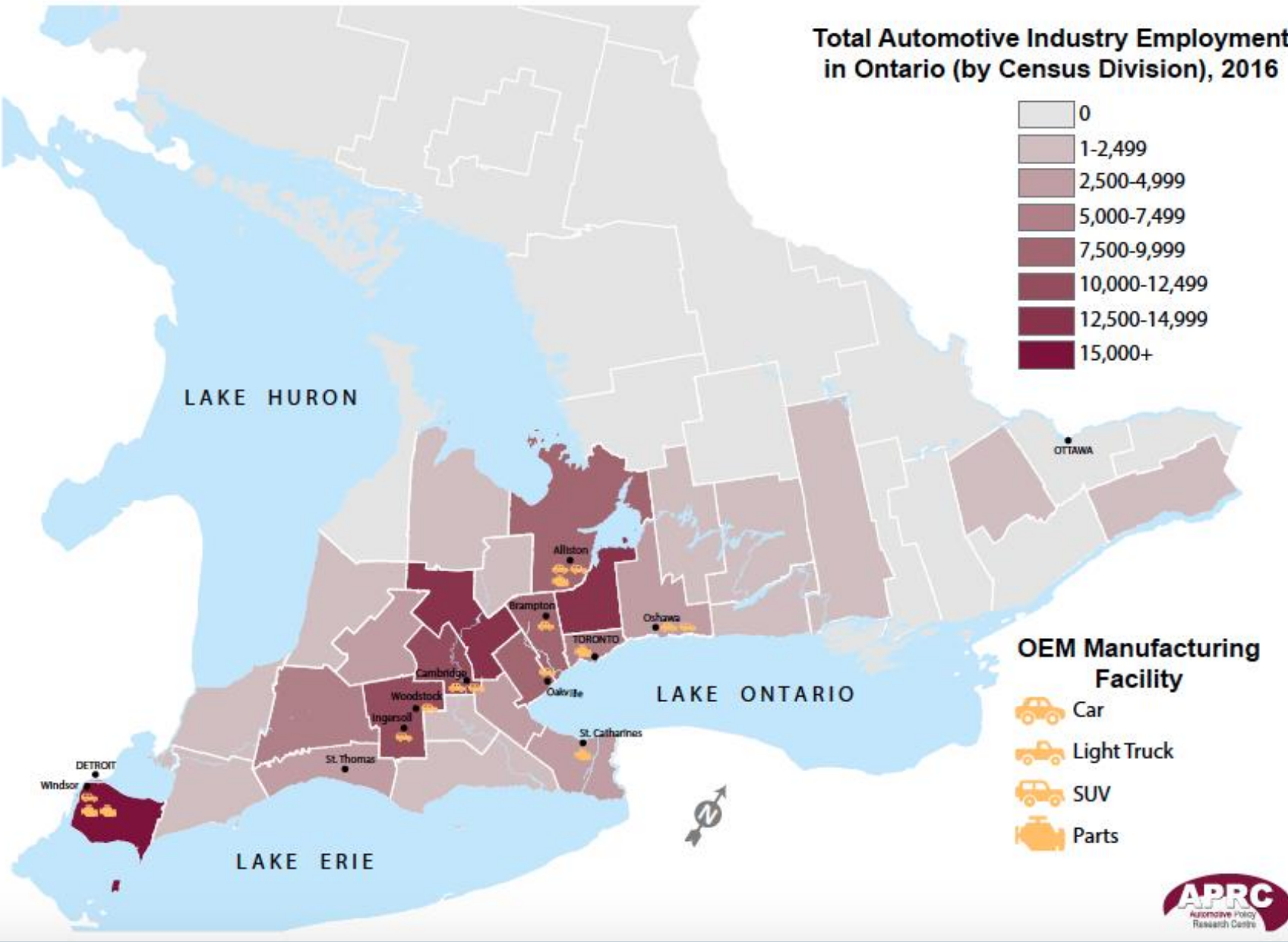


Context



- The auto industry in Canada is a major and strategic industry. 14.8% of all Canadian exportations in 2012 (97.8% go to the US). In 2016, the sector represented 10.88% of the manufacturing GDP.
- Historically, the industry has been dependent on the US Big Three for investment. E.g. First plant in Windsor (1904) was producing the Ford Model C.
- Policy-makers aimed at fostering investment while strengthening the suppliers base.
- The *Autopact* period (1965-2001) has been marked by growth. The *Free trade* and *Post-crisis* era (2001-...) has been characterized by a slow shrinking of the industry.

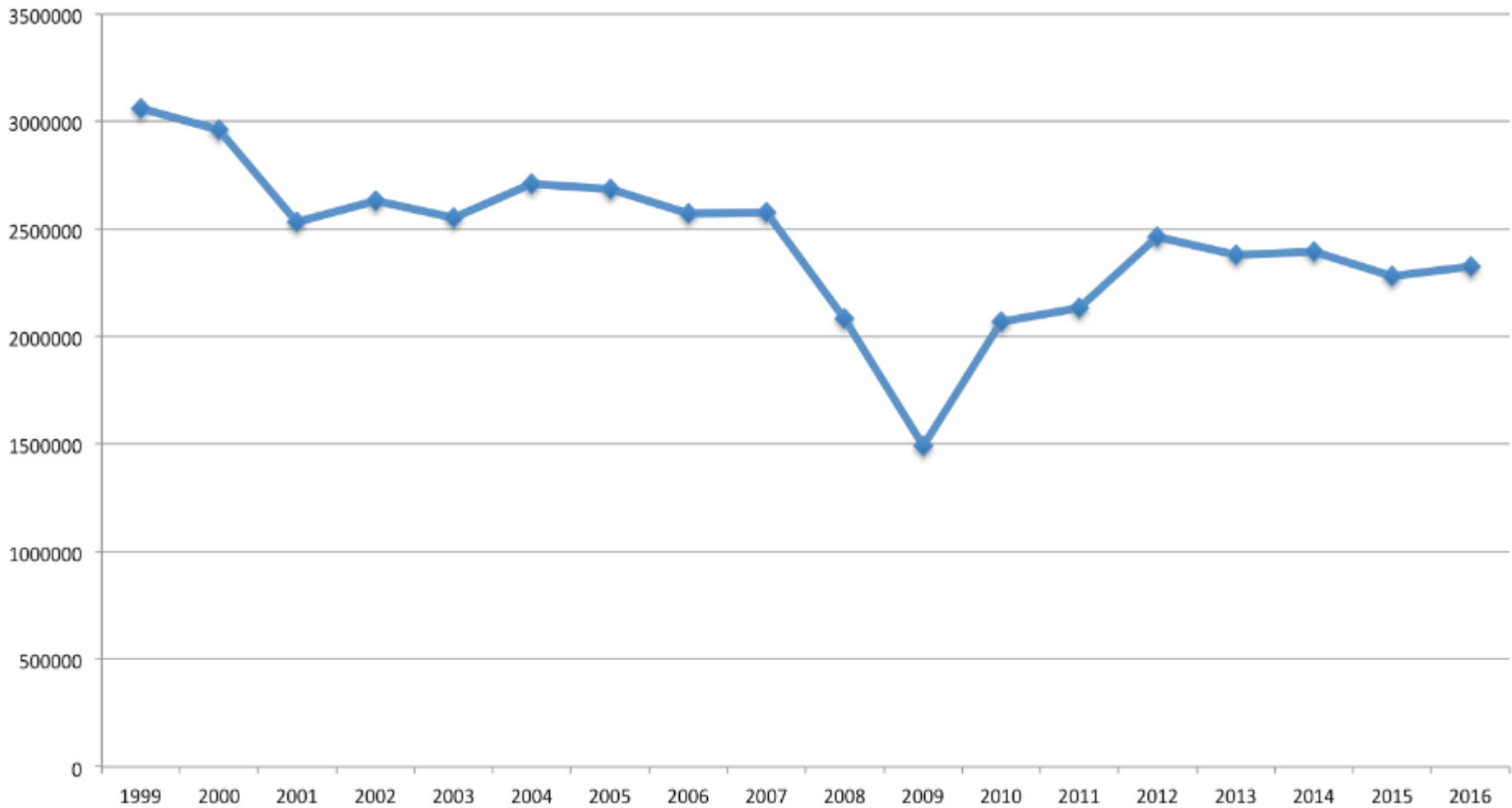
Total Automotive Industry Employment in Ontario (by Census Division), 2016



Source: Sweeney, 2016

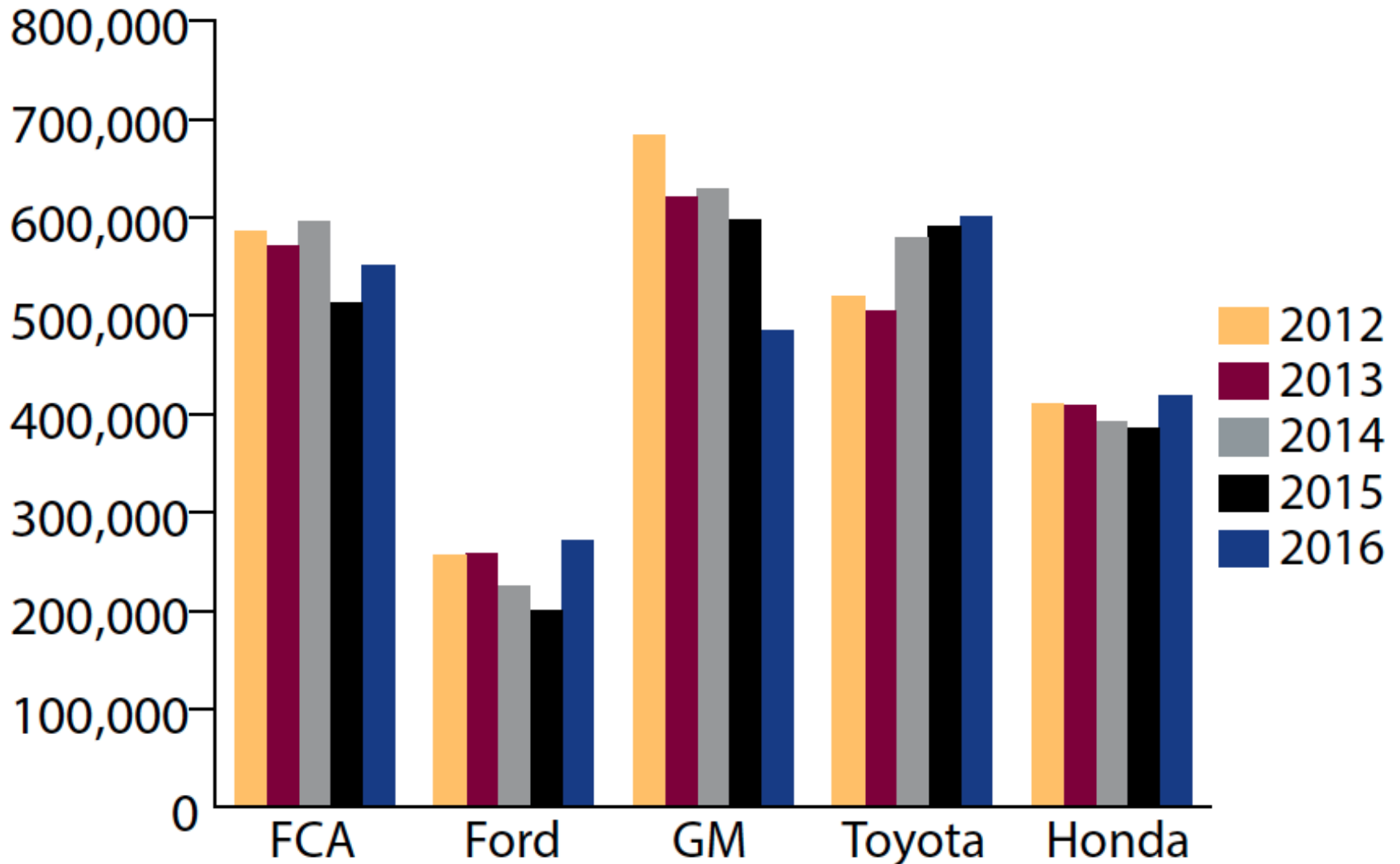


Canadian vehicles production, 1999-2016



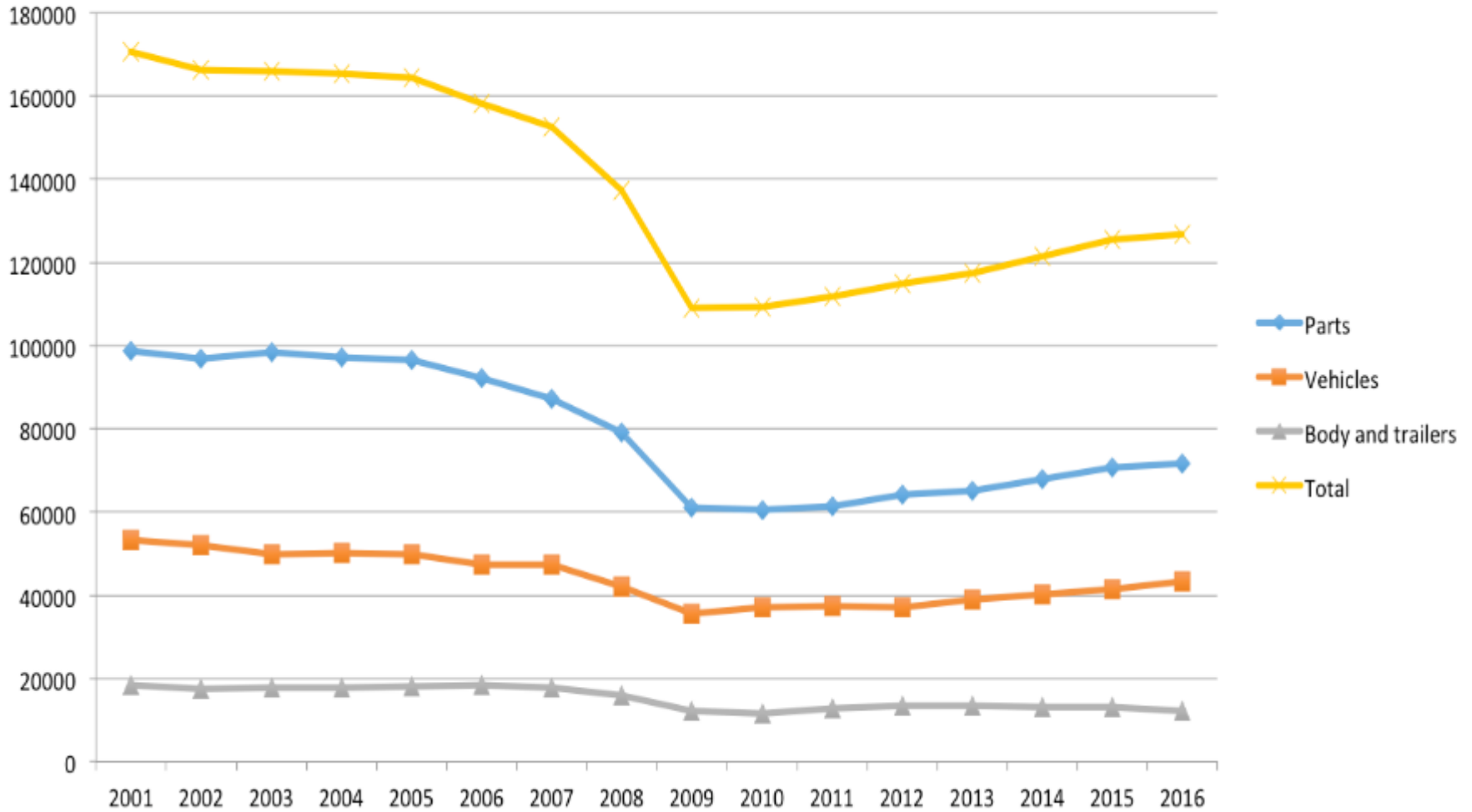
Source: StatCan

Production by OEM



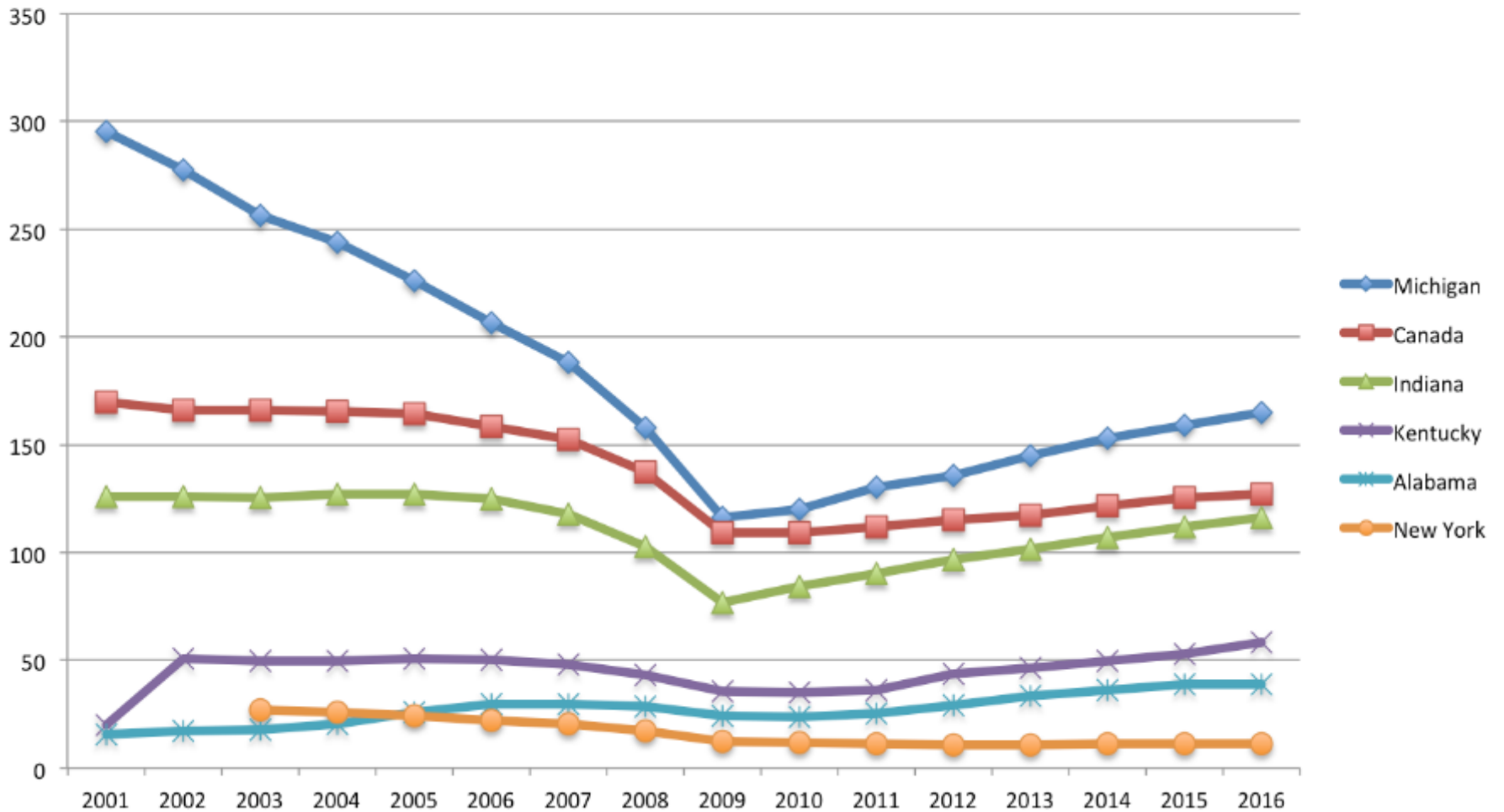
Source: Sweeney, 2016

Employment in the Canadian auto sector, 2001-2016



Source: StatCan, 281-0023

Employment (in thousands) Canada and selected US States, 2001-2016



Source: Stat Can, BLS

The IAP sector in a glance



Independent Automotive Parts Employment by Nationality of Ownership, 2015

Nationality	Proportion	Employees
Canada	53%	51,923
Japan	18%	17,634
US	13%	13,020
German	5%	5,066
Other	11%	10,769
Total	100%	98,412

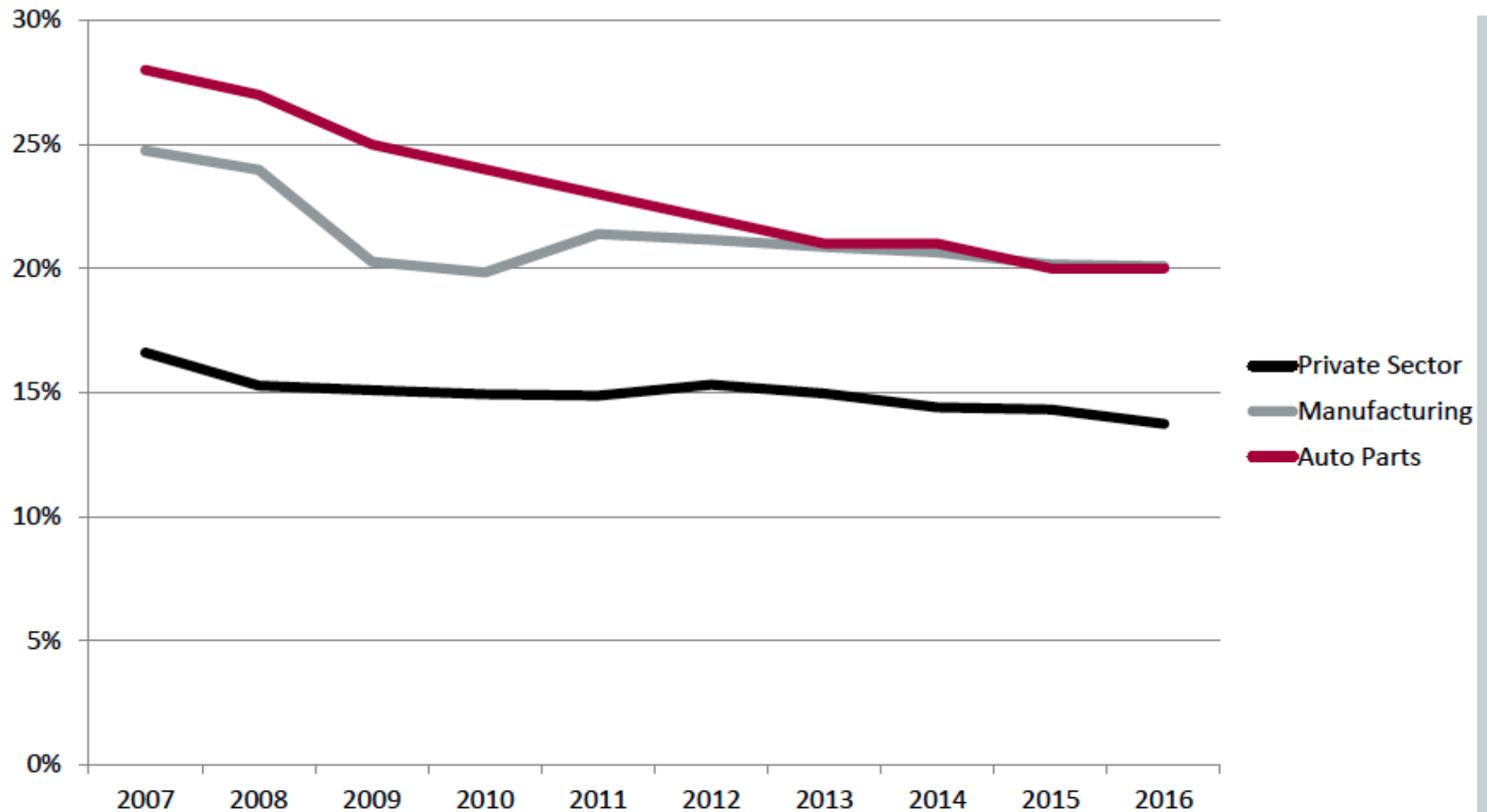
Source: Sweeney, 2016

What about the Japanese?



- Three auto plants in Canada, and one truck plant. Toyoto (2), Honda, and Hino.
- 2016: 44% of total production in Canada. Surpassed the 1 million units produced.
- 13 308 direct employees in manufacturing, 35% of all jobs in the industry vs 17% in 2001.
- Almost 20% of the parts industry is Japanese-owned.
- No plants are unionized.

Union Density in Ontario, 2007-2016



Source: Statistics Canada, 2017 (CANSIM Table 282-0078); Sweeney and Mordue, 2017

Average Hourly Wages in Ontario, 2007 & 2016

	2007	2016	% Change
All Industries	\$ 19.29	\$ 23.31	+21%
Manufacturing	\$ 21.91	\$ 24.62	+12%
Vehicle Assembly[1]	\$ 31.83	\$ 34.85	+9%
Automotive Parts	\$ 24.67	\$ 23.33	-5%

Source: Sweeney, 2016

Recent trends in collective bargaining



- The CAW identity has long been associated with militancy.
- As some scholars have noted at the end of the 1990s, this militancy has somehow faded.
- The great recession: a turning point in terms of labor relations. (E.g. Grow-in, shedding of several bonuses, contributions on pension plans and insurances). Factors: “retreat” of the state, aging workforce, old plants, the US concessions.
- The 2016 round: “Invest in Canada” has become the new mantra for Unifor. Concessions in the pension plan for new hires (DB to DC).

Success?...



- GM: Investments in Oshawa, St-Catharines, and Woodstock. Was in line for Government aid, refused in February. (\$554-million).
- FCA: Investments in Brampton, still in line for Government aid. (\$325-million, Government aid not yet disclosed).
- Ford: Investments in Essex engine (Windsor) and Oakville (Toronto) for a new research and engineering center. Both projects are co-financed by government. (\$1.2-billion, \$204-million from Ontario and Federal).

... Compared to other jurisdictions?



- In 2014, before the auto negotiations, Mexico and the US were attracting the lion's share of investments.
- According to the Centre for Automotive Research:
- \$18,25-billion in new investments,
- US: \$10,5-billion.
- Mexico: \$7-billion.
- Canada: \$750-million.

Prospects for the Industry



- There is sign of a slow decline of the Canadian auto industry: no new plant, low investments, and the industry has not yet recovered from the Great recession.
- What will happen to the industry in the Trump's era?
- Is the renegotiation of the NAFTA will impact the industry?
- Canada's Share of North American sales (9%) vs Auto jobs (6%). Return to the "Fair Share" argument?
- The industry is highly integrated and several states in the US have interest to strike a good deal.
- Challenges for business, unions, and certainly policy-makers in Canada.