

## What's going on?

- Canada, like many other countries, has experienced wrenching loss of manufacturing jobs to low-wage countries, and faces growing concerns about trade deals giving too much power to big corporations, and undermining the decision-making of governments.
- In the U.S. newly-elected President Donald Trump is moving ahead with his promise to re-negotiate the North American Free Trade Agreement (NAFTA) which governs trade between the U.S., Canada and Mexico. NAFTA also has major implications for our trade with the rest of world. The Canadian government has said it is willing to re-negotiate. Unifor is in favour of re-negotiation.

## Why does this matter to autoworkers?

- The Canadian auto industry is deeply integrated into the wider North American industry with vehicles and parts moving back-and-forth across borders around the clock. Auto is Canada's top-ranked export, and the U.S. is our number one customer. In fact, the U.S. is the destination for 90% of the vehicles we produce and two-way auto trade with the U.S. is worth \$135 billion per year and is relatively balanced.
- Sudden changes to trade rules would have huge implications for day-to-day operations of the auto industry in the short term. In the long-term, trade rules are key to investment and production decisions - which means autoworkers' jobs and communities are at stake.
- There is a lot of uncertainty about the direction that the new U.S. administration will take on trade, and several dramatic proposals have been discussed including new border taxes and major changes to corporate income tax rules. Extreme care is needed when dealing with auto trade rules, and workers need to have an active voice in the discussion.

## Why is Unifor supporting re-negotiating NAFTA?

- The labour movement opposed NAFTA as a lousy deal when it was signed, and our Union has been on record for the last 23 years consistently pushing to fix it, or eliminate it.
- The idea that endless free trade brings progress to working people has been proven wrong at every step. Like other free trade deals, NAFTA has resulted in downward pressure on wages and working conditions, and lost jobs. NAFTA provides extraordinary protections for private investors, but fails to extend meaningful protections for workers.

## Quick Facts

- **Auto investment in Mexico since 2010:** \$24 billion, 1/3 North American total.
  - **New assembly plants last five years:** US: 2, Mexico: 9, Canada: 0
  - **Share of North America vehicle sales:** US 83%, Mexico 8%, Canada, 9%.
  - **Share of North America auto jobs:** US 49%, Mexico 45%, Canada, 6%
  - **Detroit Three jobs in Canada:** 1993: 52,000, 2016: 23,000
  - **Mexican autoworker wages:** \$6 per hour in assembly, \$3 per hour in parts.
  - **Canada's auto trade deficit with Mexico:** \$12 billion, tripled since 2008.
  - **Canada auto exports to Mexico per \$1 of imports:** 14¢
  - **Market share of non-NAFTA vehicles:** US 22%, Canada 23%, Mexico 44%
  - **Total non-NAFTA vehicle sales in North America last year:** 5 million
  - **Canada's auto trade deficit** with Japan, Korea, Germany and China: \$15 billion
- Sources:** Center for Automotive Research, Ward's Automotive, US BLS, Statistics Canada.

- Re-negotiating NAFTA is an opportunity to address the problems in the auto industry, as well as many others sectors affected by the deal. If it's done right, re-negotiating NAFTA can achieve greater security for Canadian workers.

## What's the problem in auto?

- Since NAFTA was implemented in 1994, auto investment has poured into Mexico largely in search of low wages and minimal regulation. In the last five years 9 of the 11 new auto factories announced in North America went to Mexico. But Mexican autoworkers can't afford the cars they build, with assembly workers only paid about \$6 per hour, and parts workers earning half that.
- Several vehicles that used to be built in Canada have been shifted to Mexico, and recent announcements have been made to move the GMC Terrain from Ingersoll, and the Toyota Corolla from Cambridge.
- Today the industry is completely unbalanced within North America. Just 1.6 million vehicles were sold in Mexico last year, but they built 3.6 million. Mexico represents just 8% of the North American market in terms of sales, but 20% of the final assembly. It's even more unbalanced in terms of jobs. Mexico now has nearly 900,000 auto manufacturing jobs, fully 45% of the North American total. Canada has just 125,000 jobs, or 6%. Canadian employment at the Detroit Three automakers has been cut by more than half since NAFTA, from 52,000 in 1993 to just 23,000 last year.
- Canada's automotive trade deficit with Mexico has tripled since 2008 to reach \$12 billion. For every \$1 of auto imports from Mexico, Canada sends only 14¢ the other way. The deficit with Mexico is now more than double the deficit with Japan.
- Back in 1999 Canada was the world's 4th largest auto producer and had an overall auto trade surplus of \$14 billion. Now Canada is 10th, and we have a deficit of \$18 billion. Thanks to endless free trade agreements and weak industrial policy, Canada has seen an incredible success story turned upside-down.

## What's the solution?

- NAFTA needs to be re-negotiated to restore balance in automotive trade, investment and jobs within North America; and between North America and the rest of the world.
- Workers everywhere have the right to pursue economic development and social progress, and trade rules should support those aims through mechanisms to ensure that investment and employment in key sectors are proportional across borders, requiring multinational corporations to build where they sell and resulting in a fair sharing of benefits. Such a model, similar to the Canada-US Auto Pact - which was a free trade agreement with provisions for balanced trade - could underpin future investment and good jobs in several industries.
- The "rules of origin" provisions in a re-negotiated NAFTA could also be strengthened to ensure that products labelled "Made in North America"— which allows duty-free access across borders - are not undermined by various loopholes, and instead are strengthened to act as incentives to greater continental production.
- Labour and environmental side agreements in NAFTA also need to be fundamentally strengthened and brought into the main agreement, making them subject to trade sanctions.



## Does supporting the re-negotiation of NAFTA mean we support Trump?

- Donald Trump ran his campaign on fear and division. Like most Canadians we disagree completely with what he stands for, and the statements he has made. On matters of trade, Trump has seized the messages that unions have been communicating for decades, focused on the need to restore manufacturing jobs and re-negotiate NAFTA. This has been our consistent position and we're not going to be against that now just because he's saying it.
- Supporting manufacturing jobs and trade fairness are issues that Unifor has fought for with the goal of advancing economic development, making social progress, seeking mutual benefit, strengthening human rights and building international solidarity for all workers, whether they are Canadian, American or Mexican. None of these are the goals of Donald Trump. Unifor supports re-negotiating NAFTA, but not Trump.

## What's next?

- The United States has not formally triggered the process to re-negotiate or withdraw from NAFTA, but that is likely to happen soon. While the process starts to unfold, Unifor will continue to work with social justice and community allies in Canada, the U.S. and Mexico to share information and discuss cooperation and strategy.
- Will also continue to work with the broader auto industry and community stakeholders to ensure that the overall sector is not jeopardized, knowing that we expect there to be important differences of interests and views between ourselves and those who are fine with NAFTA the way things are now.
- Making our views known to governments, and mobilizing among our members remain top priorities. Auto trade and NAFTA will be major issues for the foreseeable future. There is a lot at stake.

**Our union needs the full support of members to ensure the voice of autoworkers is heard and is powerful.**

More information will be available in the coming weeks and months at [unifor.org](http://unifor.org).