

# Clement to weigh auto sector's concerns about free-trade deals

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TORONTO— Globe and Mail Update

Published Friday, Feb. 18, 2011 5:11PM EST

Industry Minister Tony Clement has promised that the federal government will take the auto industry's concerns about free trade with South Korea and the European Union into account before signing any deals.

"We will not sign a trade agreement unless it's in Canada's interest," Mr. Clement said on Friday after a meeting of the Canadian Automotive Partnership Council (CAPC), an industry-labour- government group that examines issues affecting the auto sector.

He made his comments in Toronto after the first meeting of CAPC since the fall of 2009, when the crisis that hit the auto industry had passed but a recovery was still fragile.

The pace of recovery has improved, but auto industry executives are worried about the potential free-trade deals, the rise in the value of the Canadian dollar, high electricity costs in Ontario, and investment bypassing Canada and flowing into Mexico and other low-cost locations.

"We have to find ways to build the industry here," Mr. Clement told reporters after hearing from Magna International Inc. chief executive Don Walker and Ford Motor Co. of Canada Ltd. president David Mondragon (co-chairs of the group), as well as Canadian Auto Workers president Ken Lewenza and senior officials from the other four auto makers that manufacture vehicles in Canada.

The meeting included a 35-page slide presentation by the

competitiveness working group of CAPC which outlined new challenges that have arisen since the crisis, as well as lingering problems that were identified when CAPC was established in 2002. One of the longest-standing issues is fixing the Windsor-Detroit border crossing, where delays in shipping auto parts and vehicles have become constant.

The potential free-trade agreements with South Korea and the European Union are a relatively new irritant, although the CAW has been arguing for more than a decade that Canada should slow the flow of vehicles imported from outside North America.

Now Mr. Lewenza is in the unusual position of being allied with Honda Canada Inc. and Toyota Motor Manufacturing Canada Inc. in opposition to the trade deals. If negotiations lead to a deal and Canada gives up the 6.1-per-cent tariff it imposes on vehicles imported from outside the North American free-trade agreement, South Korean and European manufacturers would gain an advantage on the two Japanese companies.

Honda and Toyota assemble vehicles here, while the South Korean and European companies do not.

"There was unanimous instruction to the government to walk slowly on trade," Mr. Lewenza said.

He added that some groups represented on the council, notably dealers and academics, pointed to growing optimism about the industry, with University of Windsor president Alan Wildeman saying that engineering students are optimistic about jobs in the sector after a long drought.

Sources said there was also a focus on vehicle and parts manufacturing, and actions needed to retain jobs in Canada as well as attract new investment.

"The Canadian dollar is a huge challenge," Mr. Walker said after the meeting. "We've got to make sure we've got the most modern plants, the best innovation, the best people."