

Ford Canada CEO Dianne Craig on the Edge and free trade

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Canada's signing of a free trade deal with the EU contributed to Ford's decision to expand production of the Edge here in Canada for the European market, according to Ford Canada CEO Dianne Craig.

Ford has redesigned the Edge as a crossover SUV to be made for global export from its Oakville, Ont., plant, with the line starting work today.

Craig said there are multiple factors that contribute to the business case for expanding manufacturing in Ontario, including competitiveness, currency, labour costs and logistics.

In an interview with CBC's *The Exchange with Amanda Lang*, she said the Canada Europe Trade Agreement helped.

"Free trade agreements really matter," Craig said.

"We were really excited about the CETA deal, right? Because we are going to ship out of Oakville to Europe, so that'll be a really good thing."

Worried about currency wars

But she's worried about shifts in currency. The lower Canadian dollar can make parts that come in from the U.S. more expensive, but help make automobiles made here more competitive on global markets.

That's if Asian currencies and the euro don't end up driven downwards as countries manoeuvre to protect their domestic industries. Ford plans to export to 100 countries from the Ontario plant.

"So we are really being very, very active at Ford with the

governments here in Canada as well as south of the border talking about making sure that when we have these free trade agreements that there's currency discipline to make sure the currency isn't getting manipulated," Craig said.

Ford Canada announced today an additional 400 jobs to be created at the Oakville, Ont., plant, on top of on top of 1,000 positions the automotive company had announced in October as the plant geared up to build the Edge.

First opened in 1953, the Oakville assembly plant also produces the Ford Flex and the Lincoln MKT. It will also begin production of the 2016 Lincoln MKX this year.

Ford invested \$716 million to upgrade its Oakville plant, including a \$71.6 million in a repayable grant from Ottawa and \$70.9 million from Ontario.

Question of incentives

That has led to questions about the way government incentives are used to secure manufacturing investment, with Canada competing with Mexico and the U.S. for investment in industry.

But Craig said it is an investment rather than a bailout and that makes sense for the taxpayer.

"When you look at the economic spinoff of these jobs... you know you just look at Oakville, the initial plan was 2,800 people and we have over 4,000 people now working in Oakville," she said.

"Once you invest like we did in Oakville you've basically secured that investment for years to come, right? Once you lose it it's gone. And that's the challenges that I think we've got to be really mindful of in Canada."

Craig said part of her job is to be an advocate to build the Canadian operation, but she competes with others inside Ford Motor Co. for resources.

Canadian workers "are as competitive as any jurisdiction around the globe" on both building engines and building automobiles, Craig said,

but the auto industry is recovering from a difficult period.

"So we've proven, based on Oakville, we can be competitive in Canada, from a manufacturing standpoint. ...We have to understand the competition we're up against. I mean we've got stiff competition from manufacturing investments just south of the border," she said.

After the 2008 crisis, Craig said Ford is putting a focus on innovation, experimenting with hybrids and electric vehicles, as well as lighter versions of its current vehicles such as the F-150 truck.

"It's such a big part right now of the way we operate. Especially when you go through such a tough time, and there's a lot of institutional knowledge about making sure you never go through, I mean, 60,000 people leave the company and shuttering I think it was 27 assembly plants, which is really really tough."