

Ontario, Michigan sign deal to bolster auto industry competitiveness



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Ontario Premier, Kathleen Wynne, holds a press conference with Michigan Governor, Rick Snyder, left, in the Cadillac Building in Detroit, Mich., Wednesday, June 15, 2016.

Ontario and Michigan could launch joint bids for automotive investment under a new agreement calling for collaborative efforts to bolster the competitiveness of the cross-border auto sector, say industry stakeholders.

“Co-bidding on investment is something that should be looked at,” said Rakesh Naidu, acting CEO at the WindsorEssex Economic Development Corporation. “Michigan and Ontario are an extremely powerful automotive jurisdiction. If we were to jointly bid on a project, it would be very difficult for anyone else to compete with us.”

Premier Kathleen Wynne and Michigan Gov. Rick Snyder signed the memorandum of understanding Wednesday at an automotive conference in Traverse City, Mich.

Greenfield automotive investment has largely flowed to lower-cost jurisdictions, such as Mexico and the U.S. south, but both leaders said Ontario and Michigan could build on each other’s strengths to compete for auto assembly and parts plants and bolster the development of new technologies, such as self-driving vehicles.

“Ontario is already a leader in automotive parts and assembly. Increasingly, we are leading in automotive innovation as well, particularly in the fields of information technology and clean technology,” Wynne said in a statement.

“But we can’t take our success for granted. North America’s highly competitive auto sector calls on us to work more closely with our friends and industry partners in Michigan. By combining our collective strengths through this (memorandum), we will boost regional competitiveness and create new opportunities for investment, jobs and growth on both sides of the border.”

The agreement will create a working group to find ways of enhancing the competitiveness of both regions’ auto industry as well as explore collaborative opportunities in such areas as development of connected cars, autonomous vehicles, lightweight materials and alternative fuels. Other areas of focus include increased supply chain integration and workforce skills development.

Matt Marchand, president and CEO of the Windsor-Essex Regional Chamber

of Commerce, said Windsor is positioned to benefit from the agreement.

“We have tremendous research and development opportunities here locally with the Chrysler research and development centre,” said Marchand, noting that the Ontario government recently announced funding related to the development of the plug-in, hybrid Chrysler Pacifica minivan, which will be built at the Windsor Assembly Plant.

“The automotive sector in Ontario and Michigan is highly integrated, and supply chains are closely connected so investments either in Michigan or Ontario will invariably help the other side of the border, whereas investments in Mexico or the Far East may not,” he added.

“So the more investment we have in either jurisdiction reinforces the importance of the home base for the global auto sector, which is Windsor-Detroit and Michigan and Ontario.”

Windsor Mayor Drew Dilkens said the University of Windsor’s expertise in such areas as making vehicles lighter could pave the way to collaborative research and development opportunities with academic institutions in Michigan.

“We can build on strengths like the University of Windsor,” said Dilkens. “We’re an area that can offer cross-border experience for the testing of autonomous vehicles. We will do whatever we can to strengthen the partnerships.”

Snyder said collaborating to improve the auto sector will lead to growth and job creation in both economies.

“Sharing best practices and integrating our supply chains will advance Michigan’s and Ontario’s positions as leaders in the auto industry,” said Snyder. “This partnership will improve Michigan’s work on skilled trades and workforce development efforts, as well as promote our focus on autonomous vehicles and mobility technologies throughout North America.”

Flavio Volpe, president of the Automotive Parts Manufacturers’ Association, said the agreement means both governments will be able to compete for new auto assembly investment.

In 2007, when Volkswagen was looking to build a plant in North America, Ontario and Michigan had initiated talks on a joint bid, said Volpe.

“Michigan made the short list, and Ontario, at the time, was in talks as a co-bidder to bolster Michigan. But the timeframe was too short, and the plant subsequently was awarded to Tennessee. But the seeds of that concept had already been planted.”

Volpe said Ontario and Michigan not only share an auto industry, but geography as well as the “same message.”

“If we can get past the politics and do this without competing with each other, the entire region will benefit.”

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Cross-border trade facts

In 2015, two-way goods trade between Ontario and Michigan totalled \$74 billion.

In 2015, more than 65 per cent of Ontario’s total global trade was conducted with the U.S. — two-way merchandise trade totalled more than \$340 billion.

Ontario is a major market for the U.S. as well — more than 60 per cent of the merchandise exports from the U.S. to Canada last year were destined for Ontario.

One-third of the economic activity in the U.S. and Canada is generated in the Great Lakes-St. Lawrence region, which includes eight states and two provinces, according to a 2015 Bank of Montreal report. In 2015, the region’s economic output was US\$5.8 trillion.

Michigan’s automotive employment has increased by more than 50 per cent since 2009 (with more than 54,000 jobs created).