

Jarvis: 'Windsor is at the epicentre'



ANNE JARVIS, WINDSOR STAR

More from Anne Jarvis, Windsor Star ([HTTP://WINDSORSTAR.COM/AUTHOR/ANNE-JARVIS-WINDSOR-STAR](http://windsorstar.com/author/anne-jarvis-windsor-star))

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A 2017 Chrysler Pacifica on the production line at the Windsor Assembly Plant. *JASON KRYK / WINDSOR STAR*

In July 2009, Windsor's unemployment rate hit a record 15.7 per cent, the highest in the country. We

were the Unemployment Capital of Canada.

People, out of options and out of hope, left their tight-knit hometown to get jobs in Alberta. The city's population dropped 2.6 per cent, one of only two cities in Canada to lose population, according to the 2011 census.

There were three foreclosures on one street in my neighbourhood.

Property assessment declined for two straight years, stymieing city council, which was trying to pay for Windsor's budget while protecting its residents from a tax increase.

Then Fiat Chrysler hired 1,200 people at its Windsor Assembly Plant to build its new minivan, the Pacifica.

Now, Windsor's unemployment rate is a record low 5.1 per cent, one of the lowest rates in the country and well below the provincial and national rates.

Population has increased by 3.1 per cent, the largest rebound in the country, according to the latest census. People are returning from Alberta.



A residential sold sign is shown along Riverside Drive East on Thursday, Aug. 6, 2015, in Windsor, Ont. *DAN JANISSE / WINDSOR STAR*

The real estate market has been described as a “feeding frenzy.” The average house price has risen. There were 31 offers for one house. One high-end house sold for more than \$100,000 above the asking price. New housing starts are up.

New assessment is also up, providing the city additional revenue.

Windsor has tried to diversify its economy, building a hangar at the airport to attract aviation maintenance and repair, establishing a sports tourism office, hiring its own economic development officer.

But it was largely one vehicle, the Pacifica, that brought this city back from the brink. Each of those 1,200 new jobs is estimated to spin off six or seven additional jobs. People with money spend it — on houses, goods, services. It ripples across the community.

The auto industry here isn't what it once was, “but it's still the most powerful economic driver in this region,” said Matt Marchand, president and CEO of the Windsor-Essex Regional Chamber of Commerce. “The power of the auto sector cannot be underestimated.”

Twenty thousand jobs and 35 per cent of Windsor's and Essex County's gross regional product are connected to the auto industry, including Fiat Chrysler's minivan plant, which dominates minivan sales in North America, two Ford engine plants, about half of the 400 auto parts makers in Ontario and 80 per cent of the tool, die and mouldmaking industry in Canada, including four of the five top mouldmakers in the world.

Ford and Chrysler are two of the three top private sector taxpayers in Windsor.

But just as Fiat Chrysler's decision to build a new minivan here turned this city around, U.S. President Donald Trump's plan rip up or renegotiate NAFTA could take it all back.

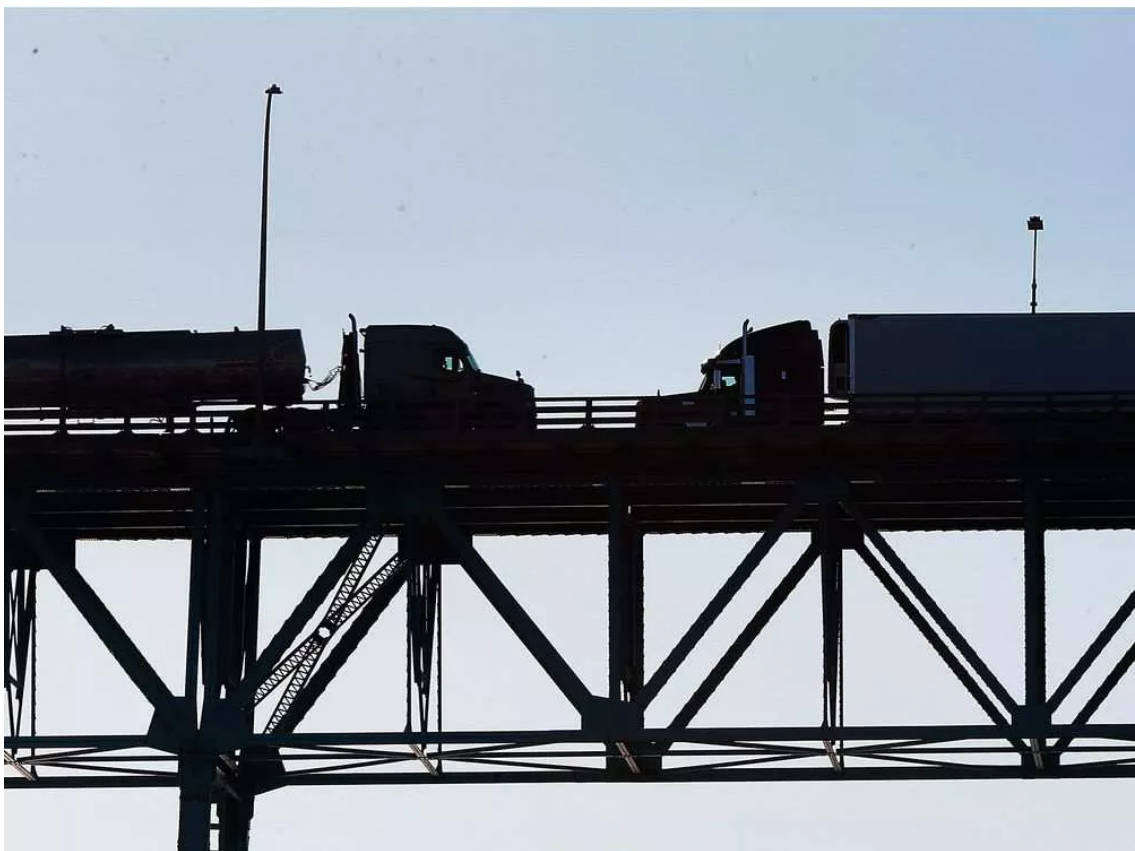
Fiat Chrysler CEO Sergio Marchionne, who earned his bachelor of commerce and MBA at the University of Windsor, was asked at the North American International Auto Show in Detroit in January what would happen if the U.S. imposed a proposed border tax. It could be “lethal” to the Windsor Assembly Plant, he answered.

Canada is the U.S.'s largest trading partner, with \$687 billion in trade a year.

Cars and light trucks are Canada's top export to the U.S. Vehicle engines and parts are our fourth largest export south. We export 85 per cent of our vehicles and two-thirds of our parts to the U.S. Going the other way, auto parts are the U.S.'s top export to Canada. Those parts go into the vehicles we assemble.

Windsor and Essex County are part of a cluster of assembly plants and supply chains that straddle the border all around the Great Lakes. Parts cross the border an average of seven times before the finished vehicles roll off the lines. It's the biggest auto cluster in North America, one that Michigan Gov. Rick Snyder and Ontario Premier Kathleen Wynne have vowed to strengthen.

In the middle is Windsor and Essex County, a microcosm of Canada-U. S. trade and the battle over NAFTA. No place in Canada is more vulnerable to what will happen.



Truck traffic is shown on the Ambassador Bridge on Friday, Feb. 3, 2017. *DAN JANISSE / WINDSOR STAR*

"NAFTA is huge for Windsor-Essex," said Marchand. "Virtually everything we do — 75 to 80 per cent — in auto is exported to the U.S. Our trading relationship with the U.S. is key. Windsor is at the epicentre."

Will it be “tweaking,” as Trump called it, or a “bazooka” and “concessions,” as U.S. Commerce Secretary Wilbur Ross called it? Canada, a compliant trading partner, isn’t the target, most agree. But even tweaking, however Trump defines that, could affect billions of dollars of investment and tens of thousands of jobs. Unifor supports renegotiating NAFTA — as long as the new agreement is fair. Some see opportunity for deals — if the U.S. wants Canada’s oil, it must buy Canada’s cars. If growth returns to the Midwest, it will benefit Ontario, too, others say. But the only thing that’s clear is Trump’s doctrine: America First.

Mexico is the real target, but what will be the collateral damage be here? NAFTA is a trilateral agreement that has spawned supply chains that criss-cross the continent. Sixty-four Canadian auto parts companies have a total of 120 plants in Mexico. That includes “a disproportionate number” of tool and die companies in Windsor, which employ 6,000 to 7,000 people here. They expanded to Mexico early and worked hard, said Flavio Volpe, president of the Automotive Parts Manufacturers’ Association. All of this represents \$12 billion in investment by Canadian companies in the auto industry in Mexico “and basically all of that is from southern Ontario,” said Jonathon Azzopardi, president of Laval International in Tecumseh and chairman of the Canadian Association of Mold Makers.

If the U.S. hits Mexico hard, the impact on Canadian companies with plants there would be “catastrophic,” he said. “Some companies wouldn’t recover.”

Laval has one plant in Mexico, and “we are closely watching what obstacles we’re going to have to go through,” Azzopardi said.

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