

Linamar's Windsor plant getting "high-volume" program, says CEO



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Linda Hazenfratz, CEO of Linamar Corporation, speaks with the media after community consultations on the Trans-Pacific Partnership. *JASON KRYK / WINDSOR STAR*

Linamar Corp.'s dramatic growth, including plans for a "significant new program" at its Windsor plant, proves that Canadian auto parts manufacturers can compete on a global scale, CEO Linda Hasenfratz, said Thursday.

Hasenfratz was among a number of representatives from industry, labour, agriculture, business and public sector groups appearing before the Standing Committee on International Trade, which is holding cross-country public consultations on whether Canada should ratify the Trans-Pacific Partnership agreement.

She urged the federal government to ratify the 12-country agreement, which was negotiated last year by the Stephen Harper Conservatives.

"I think there's a lot of rhetoric all of you have heard and read that Canadian manufacturing is not competitive, and I have to say I completely disagree," she said. "When I look at our plants in Canada, they are globally competitive. We manage our labour costs very carefully and we're constantly working to improve our productivity every single day."

Constant enhancements in innovation and productivity are key to competing worldwide, she said, adding that Linamar — which employs 24,000 employees across the globe — is on pace to hit record sales of \$6 billion this year. Last year, the auto parts giant announced plans to invest \$500 million at its Ontario plants, which employ 9,000 people.

Its Windsor plant, Exkor Manufacturing, is launching a "long-running, very high volume" aluminum component program," for a large assembler, she said in an interview following her submission to the committee.

While she refused to disclose further details, she said the new product would "absolutely" lead to additional hiring at the plant, which employs about 200 workers who produce parts such as cylinder heads and precision engine components for automakers, including

Ford Motor Co., General Motors and Toyota.

"At Linamar, we're a big believer in the free market, and trying to reduce trade barriers because bigger markets to sell to and to buy from is just better," said Hasenfratz. "It means we can grow our company larger, we have more opportunities when we have a global stage to work on, so we're a big fan of TPP and all the other trade agreements Canada has been involved in."

If passed by Parliament, TPP would give Canada access to a market of about 800 million people in Japan, Malaysia, the United States, Mexico, Peru, Vietnam, Brunei, Chile, New Zealand and Singapore. It also would supercede terms of the North American Free Trade Agreement between Canada, Mexico and the U.S.

Hasenfratz's support for the TPP stood in stark contrast with the doomsday scenarios advanced by opponents ranging from Unifor to the WindsorEssex Economic Development Corporation and the Windsor Essex Regional Chamber of Commerce.

The TPP "offers no benefit to Canada's auto industry," said Dino Chiodo, president of Unifor Local 444, which represents hourly workers at Fiat Chrysler's Windsor Assembly Plant. "It is hard to see how the TPP will attract new auto investment to Canada. Our fear is that it'll simply drive it away."

Unifor has warned that Canada's auto assembly and parts industry could lose about 20,000 jobs because of lower content thresholds for vehicles and parts. As well, Canada submitted to further concessions by agreeing to phase out its 6.1 per cent tariff on imported vehicles, while the U.S. protected its tariff for 25 years, said Chiodo.

Chamber of commerce CEO Matt Marchand told the committee that the TPP does not prevent countries from artificially lowering the value of their currencies to make their exports cheaper.

The agreement's consequences will add to the mounting costs faced by Ontario business, Marchand warned. "Layering TPP in its current form — on top of the existing rising cost environment in Ontario

— would set us on a very uncompetitive and damaging economic path, not just in Windsor-Essex but across Ontario and Canada.”

Rakesh Naidu, interim CEO at the economic development corporation, said the TPP was a threat to the auto industry, which makes up 28 per cent of the region's gross domestic product.

The TPP in its current form is not a “fair agreement, with a level playing field for all countries and all companies,” he said.

During questioning from the committee about the corporation's efforts to attract automakers, other than the Detroit Three, Naidu said he was in discussions with vehicle assemblers in India and China.

“Discussions are going on (and) they're assessing the business case,” he said in an interview outside the committee room. “It's a constant process of back and forth. We've been chasing not just Chinese OEMs, but Tier 1 and 2 parts suppliers.”

Chinese and Indian car makers are eager to begin selling their vehicles in North America, he said.

“They have to get their product ready, they have to have the engineering in place, so that's a long pipeline of things they need to do, he said. “It's case as to whether it should be in Mexico, the U.S. or Canada. So we highlight our benefits, our strengths and try to make the case for Essex County.”

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