

# **Remarks to the Special Joint Committee on the Declaration of Emergency**



**Canadian Vehicle Manufacturers' Association (CVMA)**

**Brian Kingston, President & CEO**

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Joint Chairs, Honourable Members, thank you for the invitation to appear today as part of the committee's review of the exercise of powers and the performance of duties and functions pursuant to a declaration of emergency.

The Canadian Vehicle Manufacturers' Association (CVMA) is the industry association representing Canada's leading manufacturers of light and heavy-duty motor vehicles. Membership includes Ford Motor Company of Canada, Limited; General Motors of Canada Company and Stellantis (FCA Canada Inc.).

Canada's automotive industry is responsible for over \$13 billion in annual economic activity, 117,000 direct jobs, and an additional 371,400 jobs in aftermarket services and dealership networks. The industry is Canada's second-largest export sector with \$36.5 billion in exports in 2021.

The Canadian automotive industry is highly integrated with the U.S. through both supply chain relationships and shipments of final vehicles. Parts may cross the Canada-U.S. border 7-9 times in advance of installation into a vehicle and 93% of Canadian built vehicles are exported.

Auto production relies on efficient supply chain logistics for the shipment of parts, components, and vehicles. Assembly facilities depend on regular and predictable deliveries of parts to operate at full capacity. Any delays or disruptions to the supply chain, even minor, can have an immediate effect on production and trade. Given the integration of the industry with the U.S. the efficient movement of goods across the border every single day is particularly important.

The Ambassador Bridge plays a key role in the automotive industry as Canada's most important border crossing, responsible for approximately 25 per cent of Canada's annual goods trade. With five OEMs assembling vehicles in Ontario, the bridge is a key conduit for motor vehicles and parts.

The February blockade at the Ambassador Bridge exposed weaknesses in Canada's border management practices and trade infrastructure that need to be addressed to make the supply chain more resilient. There is additional complexity with this trade corridor as the customs plaza is under federal jurisdiction, the 401 highway is provincial and the road leading to the plaza is municipal. It took significant time to identify each respective government lead and to coordinate, share information and determine the capabilities needed to resolve this trade blockage. In an effort to quickly resolve the blockade, on February 10, 2022, the CVMA filed an affidavit in support of an APMA motion for an injunction to remove the blockade.

While our members greatly appreciated the efforts of all levels of government who worked expeditiously to find solutions to mitigate the impact, the blockade resulted in automotive companies on both sides of the border undertaking extraordinary measures at great cost to divert trade to other border crossings. These other crossings simply do not have the capacity to handle higher trade volumes without significant disruption to supply schedules. This meant that auto plants were forced to cease production, affecting thousands of people employed in the industry in both Canada and the United States.

The blockade at the Ambassador Bridge came at an already challenging time for industry due to fragile supply chains under pressure from pandemic related shortages and backlogs. In fact, North American automotive production has still not returned to pre-pandemic levels.

This incident, combined with other recent port and railway disruptions, has undermined Canada's reputation as a reliable jurisdiction for the production and movement of goods. We must learn from these events to ensure Canada has plans in place to quickly respond to future disruptions. Failing to address these weaknesses could impact Canada's competitiveness for existing and future automotive investment.

Canada should establish processes for quick and efficient coordination and communication between industry, multiple levels of government, and other appropriate stakeholders to mitigate future disruptions to the transportation supply chain. We recommend the following:

1. Identify a clear federal lead to provide guidance and direction when there is any threat to the uninterrupted movement of commercial goods. This lead should have the ability to coordinate with other levels of government and counterparts in the U.S. to ensure decisions are made quickly and disruptions are dealt with swiftly, and updates are communicated to industry.
2. Enhance legislative tools to address future blockades or disruptions, such as the Keeping Ontario Open for Business Act, that establishes prohibitions and enforcement mechanisms to prevent persons from impeding access to, egress from or ordinary use of protected transportation infrastructure. The federal government should consider broader powers to quickly deal with blockades which would preclude the necessity of invoking the Emergencies Act.

Thank you for your time and I would be pleased to take any questions.