



As Canada's largest union in the private sector, Unifor is the leading union and in several economic sectors central to the portfolio of the Minister of Innovation, Science and Economic Development. Unifor represents:

- 86,000 members in advanced manufacturing (including, auto assembly and auto parts, aerospace, shipbuilding, public transportation equipment, electronics, and food and beverage, among others).
- 45,000 members in value-added resource manufacturing industries (including, forestry, metals and mining, and petroleum products).
- 26,000 members in telecommunications (wireline, wireless, internet and data).

These sectors are essential to the success of the Canadian economy, serve as the nation's leading exporters, are centres of advanced technology and innovation, and a source of increasingly scarce good jobs. These sectors comprise more than half of Unifor's total membership.



### Unifor priorities

Despite the range of estimates on Canada's "infrastructure deficit," a common thread among Canada's diverse manufacturing industries over the last decade has been the near complete failure of federal policy leadership, a period in which more than 450,000 manufacturing jobs have been lost, or nearly 1 out of 4.

Over this period, the federal government's stance toward Canadian manufacturing has been overwhelmingly characterized by the absence of effective and balanced industrial policy, a lopsided focus on unsustainable commodities exports, an absent monetary policy that has exacerbated currency surges and crashes, and an ideologically-driven and naïve international trade agenda. At its most critical moment, this absence of leadership coincided with the global financial crisis and recession as Canadian manufacturing experienced steep cuts to capacity, staggering job losses and declining investment, resulting in a structural shift that has dealt Canada out of far too many next-generation investments.

In our vital telecommunications sector, a similar lack of evidence-based policy has resulted in significant damage and missed opportunities. Federal policy has been focused on seemingly random attempts to foster greater firm-level competition through foreign ownership, which has not delivered any of the expected consumer outcomes, and set the stage for a permanent loss of domestic capacity and employment.

Despite these damaging actions and consequences, the resiliency of Canadian firms and workers shows that these strategic sectors still retain world-leading advantages here in Canada: enjoying top quality, seeing record levels of productivity, benefiting from a dedicated and highly skilled workforce, and operating with internationally competitive costs structures. Unifor members have the highest interest in the success of their industries, and a long track record of partnering with employers and governments to enhance productivity and innovation. For the new government in Ottawa, this is the critical time for Canada to regain our leading position in these strategic sectors of the economy.

## → Specific issues and recommendations

### Auto assembly and parts

Canada is home to a highly developed automotive industry, one of the most globally coveted centres of advanced manufacturing. A near complete lack of sustained policy leadership in the last decade has contributed to a declining share of North American investment and the loss of 1 in 4 jobs in the sector. Consider that since 2008 Mexico has added eight new assembly plants, Canada has closed two. Despite troubling declines, the Canadian automotive sector continues to benefit from world-leading quality, a highly skilled labour force, a broad and innovative supply base, and competitive production costs. The outlook for the North American auto market remains strong, and the decline in our long-overvalued currency improves Canada's investment opportunities. Unifor has recently developed a comprehensive vision for Canada's automotive policy direction entitled, "Searching For Stable Ground: Securing the Future of Canada's Auto Industry." Key recommendations for the sector include:

- Better integrating the federal and provincial investment attraction efforts, and developing a "one-stop" system to win new investment in Canadian assembly and parts plants.
- Ensuring Canada's investment incentives are competitive and efficient, with flexible rules and procedures, and sensible fiscal and tax features (for example, removing the current federal tax which is charged on up-front incentives).
- Asking the House of Commons International Trade Committee to commission an independent study of the \$10-billion trade deficit in automotive products with Mexico .
- Increasing fiscal support for Canadian research and development in new automotive products and technologies ensuring benefits for Canadian production.
- Ensuring that Canada's interest rate and banking policies take into account the importance of stabilizing the Canadian dollar at or near its fair value.
- Ensuring that Export Development Canada's top priority is attracting and supporting investments in Canadian-based factories (not foreign factories).
- Taking a cautious approach to the Trans Pacific Partnership, and committing to fixing mistakes made by the previous government.

### Aerospace

The global aerospace industry represents the height of technology-intensive advanced manufacturing, with important linkages to leading edge research and development activities. Canada boasts a diversified aerospace industry, and is ranked third globally in civilian aircraft production. Significant efforts are required to strengthen and expand the industry, including cementing the next generation of product programs, addressing our aerospace trade imbalances with Europe and other key markets, and building on Canada's strong endowment of strategic metals industries (such as aluminum and lightweight materials) to leverage value-added applications in aerospace and related manufacturing sectors. Canada must also ensure that home-grown world-leading programs are successfully supported through to market. Unifor recommends:

- Using government research and development and investment support to ensure that key product development programs and production are undertaken in Canada.

- Maximizing Canadian content, spin-off benefits and production offsets arising from procurement of military and civilian aircraft.
- Ensuring that the replacement contract for aging search and rescue aircraft is awarded to a Canadian company;
- Addressing Canada's trade imbalance by demanding reciprocity in foreign trade.
- Deepening skills development in the aerospace sector.
- Providing timely and appropriate support to Bombardier to ensure stability while key programs, such as the C-Series and the Global 7000/8000, are successfully brought to market.

## Shipbuilding

Once a major shipbuilding power, Canada squandered that foothold in the post-war era. We eliminated tariffs and liberalized trade to the advantage of foreign producers (first in Europe, then in Asia) who were helped by large government subsidies and the advantages of larger operations. It was only in government purchases of new ships that we retained a reasonable share of the work – thanks to political pressure on politicians at all levels to retain shipbuilding jobs at home. The National Shipbuilding Procurement Strategy serves as an example of successful industrial development, including a pioneering Industrial and Regional Benefits Policy ensuring that the investment made by Canadian taxpayers in these important vessels will be fully reflected in new economic opportunities here. This sensible approach should be replicated in government purchases in other sectors. Unifor recommends:

- Continuing to maximize Canadian content through public procurement under the National Shipbuilding Procurement Strategy (NSPS).
- Ensuring greater transparency and regulation of subcontracting and outsourcing of work under the NSPS.
- Requiring Canadian shipbuilding content in offshore resource developments.
- Implementing a Canadian equivalent of the U.S. Jones Act to ensure proportionate Canadian-based shipbuilding content in internal and coastal marine trade.

## Public transportation equipment

Planned new infrastructure spending is welcome news, and includes \$20 billion in new transit spending over the next ten years. Public transit systems will be a key driver in delivering quality of life improvements to Canadians, including tackling climate change. Unifor believes that new investments in infrastructure – specifically transit – should also be tied to broader economic development objectives. Buy-Canadian and local content rules affixed to new investments are proven job-creation and skills development tools. They also encourage the development of industrial competencies that foster global competitiveness for Canadian products. Key recommendations include:

- Provisions for Made-in-Canada public transit equipment procurement.
- Local hiring requirements, especially among vulnerable communities (e.g. racialized workers, young workers, women in skilled trades, Aboriginal and Indigenous workers).

## Telecommunications

The previous government amended the Telecommunications Act to allow carriers to be foreign-owned as long as they represent less than 10% of the total annual revenue of the industry. An increase in foreign-based carriers in the Canadian market will not necessarily lead to more competition or result in positive outcomes for consumers (and may encourage more consolidation by larger foreign companies). Foreign ownership also has the potential to undermine Canadian culture and innovation, raises issues around national security and privacy, further drive the trend of outsourcing work and has real implications for the broader Canadian economy. Spectrum should and can be reserved for public uses, and the government can implement requirements when auctioning spectrum that serve to strengthen local economies and ensure that Canadians have access to good services. The government has acknowledged the importance of high-speed broadband coverage to keep up in the digital economy. Canada's telecommunications policy needs to work in the public interest by ensuring that Canadians have more equal access to services, which includes addressing the infrastructure gap and affordability of services. Unifor recommends:

- Reversing the amendments made to the Telecommunications Act related to foreign ownership in the 2012 Budget Implementation Bill.
- Establishing a national spectrum policy that focuses on the use of spectrum for public interest objectives, including reserving spectrum for creative and diverse public uses and requirements for auctioned spectrum that serve to strengthen local economies and access to quality services.
- Developing a national plan that acknowledges telecommunications – including high-speed internet – as a public utility and ensures that telecommunications services are affordable and accessible for people no matter which region they live in or their income.

## Value-added resource manufacturing sectors

Canadian economic development policy must focus increasingly on capturing a greater share of value-added manufacturing connected to the processing of our enormous natural resource wealth. Although many elements of broader resource development policy leadership rest with the Minister of Natural Resources, it is vital that Canada adopt a more integrated policy framework to develop our value-added secondary and tertiary manufacturing associated with resource processing.

## Forestry

Canada's integrated forestry sector, including pulp and paper manufacturing, and lumber and wood products manufacturing, is in transition. The past decade delivered incredible challenges, including rapidly changing markets, a shift in consumer demand away from newsprint and other papers in the digital age, the devastation of an over-valued Canadian dollar on exports, and a global financial crisis and recession. Over the last decade, the industry has shed a third of its jobs. We need comprehensive policies designed to ensure that forestry is treated as an increasingly value-added industry. Unifor recommends:

- Supporting investments that transition toward growing markets, which means that the federal Investments in Forest Industry Transformation program needs to be significantly expanded.
- Ensuring that trade policies support high-value forestry exports, that we are not the target of unfair trade measures, and control the export of unprocessed raw logs.
- Establishing policies for sustainable rules for wood harvesting that secure investments and jobs while meeting the highest environmental standards.

- Working toward stable and appropriately priced hydro-electricity; and modernizing transportation infrastructure, pricing and access.

## Energy

There is an urgent need to develop a comprehensive national energy strategy that would enable Canadians to develop the country's vast energy resources in a socially responsible and environmentally sustainable manner. During the last decade federal policy in the energy sector has focused almost exclusively on developing resources for unprocessed global export, which has failed to position the industry for sustainable and balanced growth, and allowed far too many benefits of the industry to flow out of the Canadian economy. Key elements of a national energy strategy should include:

- The creation of a Canada-wide energy grid so that Canadian energy resources can continue to be used to meet the needs of Canadian consumers and to reduce reliance on imported energy in eastern Canada.
- A greater commitment to refining and processing oil and gas resources in Canada.
- Putting a price on carbon through a carbon tax or a cap-and-trade system.
- Active steps by the federal government to nurture the development of alternative fuels and green energy.
- Opposition to pipelines that ship unprocessed bitumen to export markets.
- A moratorium on new, unconventional fracking exploration and drilling until such a time that the environmental, First Nations and energy supply concerns have been satisfactorily resolved.
- A comprehensive royalty regime that enlarges the economic benefits flowing to Canadians from their energy resources.

## Metals and mining

The metals and mining industry is prone to wild swings in prices resulting from the commodity super-cycle. This macroeconomic challenge is manageable, but requires active government strategy. An unprecedented wave of foreign takeovers in the industry since 2006 has resulted in the loss of industrial sovereignty, with fewer benefits flowing to Canadians from their mineral wealth. New owners such as Xstrata, U.S. Steel, and Rio Tinto quickly closed processing facilities, attacked compensation and blackmailed entire communities. Now is the time for the federal government to address the policy failures of the last decade and adopt effective policies to best position Canada for the next upswing. Unifor recommends:

- Strengthening the 'net benefit' associated with foreign takeovers of Canadian-based firms. Clear thresholds around investment, R&D spending, and crucially, employment, must be imposed on foreign investors. This would impede foreign-based firms from purchasing Canadian operations and assets with the express purpose of shutting them down.
- Ensuring public ownership, use and control of hydro-electric resources, especially pertaining to aluminum smelting operating in Quebec and British Columbia. Given the centrality of low electricity prices in the production of aluminum, it is essential that Canada's hydro-electric resources remain under public control and that these resources are utilized for the purpose of industrial and social development.
- Imposing Canadian content conditions on resource developments, to ensure companies purchase more Canadian-made equipment and services, and meet binding targets for made-in-Canada processing of the resource.

- The collection of higher royalties on non-renewable resource extraction to support all-around economic and social development in mining communities.

## Sector councils for stakeholder engagement

Canada's retreat from meaningful stakeholder engagement and evidence-based policy development during the last decade has resulted in untold damage to all aspects of our economic and social fabric. Global best practice in successful industrial and economic development policy shows that ongoing, and meaningful, engagement with all stakeholders yields the strongest results. Business, labour, community organizations, other levels of government, and multiple social actors all have vital contributions to make toward crafting successful policy. Most stakeholder voices have been long stifled, and in 2011 the previous federal government defunded one of the last multi-stakeholder forums, HRSDC Sector Councils. These Councils were important centres for dialogue, research and policy development, although too narrowly constrained on human resources and skills development issues. Unifor recommends:

- The establishment of multi-stakeholder national sector councils mandated to address a comprehensive range of industrial policy and economic development issues.
- New national sector councils must ensure equal access and participation through appropriate funding support designed to address inherent imbalances in resources among varied stakeholders.

## Bankruptcy

Workers pay the price when workplaces shut down. Not only do workers lose their jobs and their source of income, they often lose wages that are owed, but not yet paid, as well as severance pay, vacation pay and termination pay. As well, in many cases of bankruptcy, the pension plan is not fully funded so that workers and retirees face cutbacks in their pensions. Group insurance benefits are lost as well. Workers should be first on the list to recover their lost wages and pensions from the assets of a bankrupt employer. And the existing Wage Earner Protection Program (WEPP) is far too limited. Unifor recommends:

- Insolvency legislation be amended to provide that pension plan deficiencies must rank above secured creditors or, at least, the Federal Government should explore with the provinces the idea of a nationally administered pension benefit guarantee fund.
- An employee should be entitled to a WEPP claim for all of the monies owed, regardless of when the debt accrued and there should be no ordering of claim priorities under WEPP.

*Prepared by: Unifor Research Department*

**For more information contact:**  
**Unifor Membership Mobilization and**  
**Political Action Department**  
 politicalaction@unifor.org  
 (416) 718-8493  
 1-800-268-5763 ext. 8493  
**Unifor.org**

