

# MANUFACTURING OUR FUTURE

## COMPETING TO WIN

Canadian Manufacturing Coalition





## **SPEAKING OUT WITH ONE VOICE ABOUT THE FUTURE**

Manufacturing is vital to Canada's economy – and to the prosperity and living standards of all Canadians. Yet, today Canada's manufacturing industries face unprecedented challenges, not only from the bottom-line pressures of a strong Canadian dollar and high business costs, but from the longer-term impacts of globalization, demographics and rapid technological change. There are also unprecedented opportunities for businesses expanding in markets around the world.

The business of manufacturing is changing, as are the basics of manufacturing competitiveness. All industries are a part of that change.

The Canadian Manufacturing Coalition brings together industry associations united by a common vision of a world-class manufacturing sector that will continue to ensure that Canadians enjoy strong economic growth and high-value, high-paying jobs. The Coalition speaks with one voice about the importance of manufacturing and about what must be done to ensure a competitive business environment for manufacturing in Canada. We speak together about the urgency of responding to the challenges that manufacturers face now and in the future.



**Jayson Myers**  
Chair, Canadian Manufacturing Coalition

**Canadian Manufacturing Coalition** – united by a common vision of a world-class manufacturing sector

**Canadian Manufacturers & Exporters** • Aerospace Industries Association of Canada • Aluminum Association of Canada • Association of Equipment Manufacturers • Automotive Parts Manufacturers' Association • Business and Institutional Furniture Manufacturers Association (BIFMA) • Canadian Animal Health Institute • Canadian Association of Defence and Security Industries • Canadian Association of Railway Suppliers • Canadian Chemical Producers' Association • Canadian Consumer Specialty Products Association • Canadian Fertilizer Institute • Canadian Foundry Association • Canadian Plastics Industry Association • Canadian Printing Industries Association • Canadian Steel Producers' Association • Canadian Vehicle Manufacturers' Association • Cement Association of Canada • Electro-Federation Canada • Food & Consumer Products of Canada • Forest Products Association of Canada • Information Technology Association of Canada (ITAC) • Metals Service Center Institute • NDMAC – Advancing Canadian self-care • Printing Equipment Supply Dealers' Association of Canada • Rubber Association of Canada • The Mining Association of Canada

# WHY MANUFACTURING MATTERS

The economic prosperity and quality of life of every Canadian depends on the competitiveness of Canada's manufacturing industries.

Manufacturing is the most important wealth-generating sector of the Canadian economy. It is the largest single business sector in Canada. Manufacturing directly accounts for 17 per cent of the country's GDP. Manufacturers employ over 2.1 million Canadians. They account for two-thirds of Canada's goods and services exports and three-quarters of all private sector research and development activity in Canada. Every dollar in value generated in manufacturing adds an estimated \$3.05 in total economic activity. Manufacturers are an important source of demand for resources, energy and services from all other sectors of the Canadian economy.

Manufacturing is a knowledge-intensive business. Every year, manufacturers invest more in research and development, new technologies, machinery and equipment, and new production facilities than any other business sector in the country.

Manufacturing is a global enterprise. Canadian manufacturers sell into markets around the world – over \$400 billion worth of goods in 2006.

They also source raw materials, products, services, skills, knowledge and technologies on a global basis. Many companies have investments and production facilities in other countries as well as in Canada. And more and more international business partnerships are being formed among manufacturers, services, sales and distribution companies in order to deliver high-value, competitively priced products to customers in Canada and around the world.

A prosperous manufacturing sector is critical to Canada's economic future and to the lives of each and every Canadian. Our standard of living depends on the wealth-generating capacity of manufacturers – on their ability to innovate, continuously improve productivity, deliver customer value, and to compete with the best in the world.

## **At the Cutting Edge of Global Competition**

Canada's manufacturers are at the forefront of global competition. Our industries face unprecedented challenges and change.

Today, customers, suppliers and competitors are located around the world. The competition for market share, investment, knowledge, technology and skilled workers is intense.

Over the past three years, manufacturers have had to respond to the rapid appreciation of the Canadian dollar, soaring energy and commodity costs, widespread labour shortages in western Canada, and more recently to weakening demand in our major market, the United States. They also face significant long-term challenges and opportunities in the form of new industrial superpowers like China and India, an ageing workforce, accelerating technological change and more demanding customer and stakeholder expectations. The emergence of new market opportunities and disruptive low-cost competition, the rapid development of new technological capabilities, more demanding customers, a more demanding public and intense bottom-line pressures are changing the nature of manufacturing in Canada and around the world.



# COMPETING TO WIN

## Competitiveness Starts at Home

For Canadian manufacturers, the competitive challenges are daunting. New business opportunities are immense. And, the need for action is urgent. Investments in new technologies, innovation, and workforce capabilities are essential to ensure competitive success in today's global marketplace. But, world-class manufacturing companies also depend on a globally competitive business environment that will enable them to invest, innovate and grow.

Canada must keep pace with other countries in order to secure the investments and the high-value, high-paying jobs associated with manufacturing. Our governments have an important role to play in building a competitive manufacturing advantage for Canada. So do our schools, our research centres and our supporting financial and business services sectors.

## Policy Priorities for Manufacturing

**Leadership** – A concerted strategy that recognizes the importance of manufacturing and responds to the short-term priorities and longer-term competitive requirements of the sector.

**Focus on Adding Value** – A made-in-Canada manufacturing strategy that takes full advantage of the growth prospects of our resource-based industries by encouraging the development of value-adding supply chains, products and services.

**Invest in New Technology** – Ensure that taxes on capital investments in Canada are the lowest among industrialized countries.

Provide a two-year write off or investment tax credit for investments in machinery and equipment and information technologies.

Reduce the corporate income tax rate.

Eliminate capital taxes.

Harmonize sales taxes with the GST.

**Invest in Innovation** – Enhance the innovation capacity of Canadian industries.

Improve the SR&ED tax credit system.

Strengthen collaboration between industry and academic and government researchers.

Ensure that Canada has an internationally competitive regulatory environment that encourages innovation.

Ensure that government support for industrial innovation is competitive on an international basis.

**Invest in Workforce Capabilities** – Ensure that skills and capabilities meet the needs of modern manufacturing.

Provide tax credits for industrial training.

Increase investments in technical education and skills development.

Ensure immigration requirements reflect the skill requirements of industry.

Eliminate interprovincial barriers to labour mobility.

**Increase Regulatory Efficiency** – Ensure regulatory processes are internationally competitive, simplified, coherent, coordinated, streamlined, efficient, low cost and effective. Effective accountability and timely decision-making are essential elements of competitive regulations.

Enforce the federal User Fee Act.

Streamline regulatory approval processes.

Implement and expand the Smart Regulation Agenda.

Eliminate unnecessary regulatory differences across Canada and with our major trading partners.

## QUICK FACTS ON MANUFACTURING

*Manufacturing directly accounts for 17 per cent of the Canadian economy.*

*Every dollar of manufacturing output in Canada generates \$3.05 in total economic activity.*

*More than 2.1 million Canadians are employed in manufacturing – about 15 per cent of the Canadian workforce.*

*Canadian manufacturing shipments exceeded \$600 billion in 2006.*

*Manufacturing has grown 16 per cent faster than the Canadian economy as a whole since 1990.*

*Manufacturing accounts for two-thirds of Canada's total exports of goods and services.*

*Manufactured exports have more than doubled since 1990.*

*Over 95 per cent of employees in manufacturing have full-time jobs.*

*Manufacturing wages are 22 per cent higher than the national average.*

*Manufacturing accounts for two-thirds of all business investment in research and development in Canada.*

*Manufacturing generates over 30 per cent of the tax revenues paid by businesses to all levels of government in Canada.*

*Manufacturers have reduced greenhouse gas emissions by 7.4 per cent since 1990.*

**Invest in Infrastructure** – Ensure a world-class logistics and energy infrastructure.

Enhance the security and efficiency of Canada's borders.

Improve transportation systems connecting to Canada's trade gateways.

Strengthen the competitiveness of Canada's transportation, telecommunications, and financial services sectors.

Ensure a reliable and cost-competitive supply of energy.

**Open Markets Around the World** – Ensure trade policies and programs work for manufacturing, enable real access into international markets, and afford Canadian businesses adequate safeguards against foreign protectionism.

Negotiate trade agreements that reduce industrial tariffs, eliminate non-tariff barriers to trade and facilitate international investment and trade in services.

Enforce rules prohibiting unfair trading practices.

Ensure trade support programs are more effectively aligned with the international activities of Canadian business.



**HUSKY**

*Keeping our customers in the lead*

**John Galt**  
President & CEO

Husky is a global leader in our industry, exporting more than 90 per cent of the products we make. We employ more than 1,200 highly skilled team members in Canada, and are committed to ensuring we remain competitive. We are a proud supporter of CME and the Canadian Manufacturing Coalition's efforts to ensure our sector remains a strong, growing part of the economy.



**Deloitte.**

**Luc Martin**  
National Manufacturing Industry Leader

The Deloitte Manufacturing practice is committed to assisting Canadian manufacturers succeed. Applying best practices in cost reduction, topline growth, financial transformation and human capital are essential in this challenging environment. We have and will continue to fully support the Coalition's initiatives which are important to provide manufacturers with the right infrastructure, regulations and incentives to be competitive on a sustainable basis in the coming years.



**Pratt & Whitney Canada**

A United Technologies Company

**Alain M. Bellemare**  
President

A global aerospace leader, P&WC has 40,000 engines currently powering aircraft and helicopters in 190 countries. No. 1 research and development investor in Canadian aerospace, P&WC dedicates over \$400 million annually. To maintain our competitiveness in a changing global market, we continuously pursue technology innovation. We are pleased to partner with the CMC to strengthen the aerospace industry. [www.pwc.ca](http://www.pwc.ca)



**Dan Gagnier**  
Senior Vice President corporate and external affairs

Alcan Inc. is a Canadian-based, international company of 65,000 people, operating in 61 countries and regions around the world. We believe that success comes from working together and we applaud the CMC for creating a forum for Canadian manufacturers to speak with one voice on issues that affect us all.



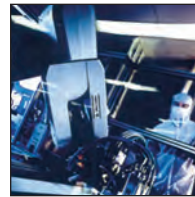
**Robert E. Crow**  
Vice President

Research In Motion (RIM) is a leading designer, manufacturer and marketer of innovative wireless solutions for the worldwide mobile communications market. RIM's world-class manufacturing facility and team, based in Waterloo, Canada, produces products to the highest global quality standards and are an important contributor to the success of BlackBerry worldwide.



**Gurcan Kocdag**  
President

Canadian Manufacturing Coalition's work is especially important to Doepker Industries. We are adversely affected by industrial infrastructure problems, taxation system, labour shortages and immigration policies. Most of these issues have been neglected by previous governments. We are very encouraged by this CME initiative and expect our federal government to take it into consideration. If successfully implemented, these recommendations will help create a more productive and prosperous Canada.



**IBM Bromont**

Our Bromont Quebec manufacturing facility is the home of many innovative IBM products and technologies. Since we opened in 1972, our site has evolved into a leading technology producer on a global scale. We manufacture products for all IBM servers as well as for the triple-crown of the gaming consoles, Microsoft, Nintendo and Sony. Thanks to our 2,800 employees, Bromont has become the largest IBM semiconductor assembly and test facility in the world.



**Al Monaco**  
President

Enbridge Gas Distribution delivers safe, reliable, environmentally-preferred natural gas to about 1.8 million customers across Ontario. Enbridge Gas Distribution is an industry leader in energy efficiency, helping Ontario manufacturers increase their competitiveness by optimizing energy use and reducing energy costs through energy efficiency and incentive programs.



**Ben Hume**  
President

The Canadian Manufacturing Coalition is long overdue. For too many years we in the manufacturing community have let our industry be segmented and subsequently left with a diminished voice. Working together we will create a voice powerful enough to be effective in developing a positive environment for investment in Canadian manufacturing.



Dofasco is pleased to participate in the Canadian Manufacturing Coalition. While other countries understand that a successful manufacturing sector is a critical component for sustained prosperity, and work to formulate comprehensive manufacturing strategies, Canada has yet to take advantage of this opportunity.

**OUR VOICE**  
**OUR INDUSTRY**  
**OUR FUTURE**

Canadian Manufacturing Coalition – united by a common vision of a world-class manufacturing sector



CANADIAN FERTILIZER INSTITUTE  
INSTITUT CANADIEN DES ENGRAIS



FCPC | PACC  
Food & Consumer Products of Canada | Produits alimentaires et de consommation du Canada

CPIA | PACIP



ELECTRO-FEDERATION  
C·A·N·A·D·A

Forest Products Association of Canada | Association des produits forestiers du Canada  
fpasca | fpasca



Canada's Chemical Producers | Fabricants de produits chimiques du Canada  
Chemistry – au cœur of everyday life. | La chimie – au cœur de quotidien.

BIFMA  
INTERNATIONAL



The Mining Association of Canada | L'Association minière du Canada



Canadian Vehicle Manufacturers' Association  
Association canadienne des constructeurs de véhicules

ITAC | ACTI  
International Trade Association of Canada | Association internationale des fournisseurs de commerce

ASSOCIATION DE L'ALUMINIUM DU CANADA | ALUMINUM ASSOCIATION OF CANADA



AIAC  
Aerospace Industries Association of Canada

APMA  
THE VOICE OF THE AUTOMOTIVE ORIGINAL EQUIPMENT SUPPLIERS IN CANADA

CCSPA CANADIAN CONSUMER SPECIALTY PRODUCTS ASSOCIATION  
L'ASSOCIATION CANADIENNE DE PRODUITS DE CONSOMMATION SPECIALISÉS

