

Key Messages

Made in Canada Policy

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Made in Ontario/Canada Policy

- Will stimulate jobs, tax revenue and strengthen our communities
- Government can establish minimum domestic content threshold, as well as require assembly in Ontario
- Other G7 nations, China, Japan - all have minimum domestic content requirements
- These do not violate international trade rules - neither WTO or NAFTA
- The government should set the appropriate threshold - internationally, domestic content requirements range from 50% to 100% for transportation infrastructure
- Every \$1 in manufacturing activity in Canada stimulates \$3 in economic activity (according to Cdn Manufacturers Association)

International Examples

- “Buy America Act” - depending on type of infrastructure project - 60% to 100% of all components used to manufacture vehicles must come from the U.S. - flowing from first tier contractors onto lower tier contractors and subcontractors; all final assembly must be performed in the U.S.; State governments can impose additional local content requirements
- China requires 70% local content for urban mass transit and mainline railways
- Japan closed to external railcar manufacturers
- European Union enforces a 50% domestic content requirement to Canada and other countries where there is no reciprocal agreement re: access to government procurements; most EU countries give de facto preference to local manufacturers
- Germany - order 4064 subway and commuter cars between 2000 and 2007 - 98% manufactured in Germany

Results of Domestic Content Policies

- Major transportation producers have set up manufacturing sites in countries with domestic content requirements ie. in Germany - Bombardier Transportation 8 sites, Siemens 3, Alstom 2; top three have manufacturing sites in most EU countries, in China, US
- Encourages manufacturers to maximize partnerships with local enterprises to fulfill domestic content obligations
- Has led to creation of industrial clusters around manufacturing sites of major manufacturers ie. New York State

Wouldn't domestic content rules reduce competition and risk governments paying higher prices?/ Doesn't this go against the chamber's support of free enterprise?

- A closed market to foreign content would result in higher prices as has been the experience in Japan which is closed to all foreign railcar manufacturers
- Countries which require some local content have been able to maintain price competitiveness - as well as stimulate positive economic spinoffs in jobs, tax revenues etc.
- Our government will need to set the appropriate level of domestic content to ensure that it is not forced to spend tax dollars inefficiently

Wouldn't this policy simply support a handful of companies vs. the greater economic good of the province?

- It will be incumbent on the government to find the right balance between domestic content and foreign competition - in order to ensure taxpayer dollars are not spent inefficiently
- Foreign companies may still be able to participate in public contracts through partnerships with domestic firms, and by sourcing components locally - therefore a larger segment of the manufacturing industry stands to benefit
- IN addition - statistics show that every \$1 in manufacturing, stimulates \$3 in broader economic activity - a boost to the manufacturing sector in Canada will generate greater economic spinoffs