



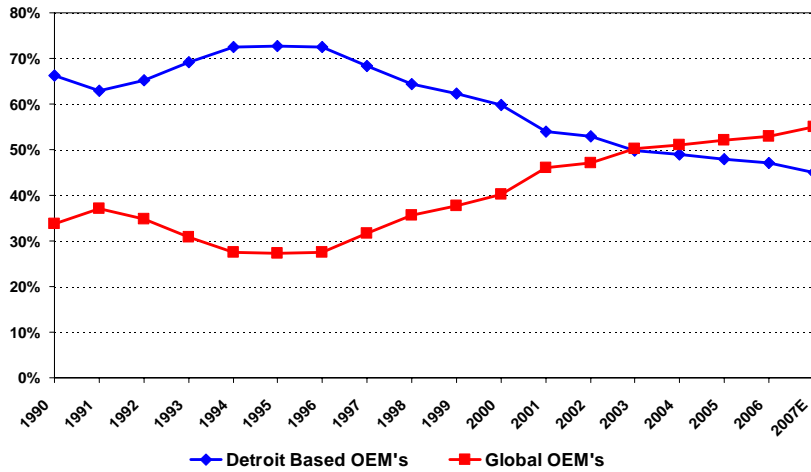
# Automotive Review For Windsor Homebuilders Association

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## The Fundamental Problem

## Vehicles Consumers Buy – Market Share Detroit based OEM's vs. Global OEM's



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- Critical to Market Share changes are:
  - Product, product, product
  - Competitiveness of each OEM (ie: pricing factors)
  - Speed to market
  - Distribution Efficiency
  - Excellence at the Retail Level

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- GM, Ford and Chrysler market share losses have translated into significant reductions in their light vehicle production and any entity touching them has had a negative adjustment to make starting with themselves
- New Domestic investments have resulted in significant increases in their N.A. production
- There is actually a surprisingly small increase in overseas sourced components

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### North American Production of Vehicles # of Units

Year	GM, Ford, Chrysler		New Domestic	
	Units	Share	Units	Share
2000	13,196,873	74.7%	4,117,212	23.3%
2001	11,593,637	73.3%	3,997,567	25.3%
2002	12,281,894	73.5%	4,168,305	24.9%
2003	11,499,933	70.9%	4,422,906	27.3%
2004	11,060,100	68.2%	4,805,539	29.6%
2005	10,372,739	63.6%	5,511,509	33.8%
2006	9,676,079	60.3%	5,621,219	35.5%
2007 F	8,808,437	58.5%	5,733,938	38.0%
2008 F	8,215,844	56.1%	5,943,630	40.5%
2009 F	7,988,577	53.1%	6,482,488	43.0%
2010 F	8,039,373	50.4%	7,272,701	45.5%

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**Canada has traditionally been very successful within the North American automotive sector. We are actually operating from a relative strong position.**

**Although there are serious issues emerging daily that threaten our current success.**

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### Canadian Production

	Vehicle Production	Share of N.A.	Production/ Sales Ratio
<b>1960</b>	<b>395,855</b>	<b>4.7%</b>	<b>75.7%</b>
<b>1970</b>	<b>1,189,461</b>	<b>12.3%</b>	<b>153.6%</b>
<b>1980</b>	<b>1,369,607</b>	<b>13.9%</b>	<b>108.4%</b>
<b>1990</b>	<b>1,947,371</b>	<b>15.5%</b>	<b>148.2%</b>
<b>2000</b>	<b>2,961,636</b>	<b>16.8%</b>	<b>186.7%</b>
<b>2001</b>	<b>2,532,363</b>	<b>16.0%</b>	<b>158.5%</b>
<b>2002</b>	<b>2,629,437</b>	<b>15.7%</b>	<b>151.8%</b>
<b>2003</b>	<b>2,552,862</b>	<b>15.7%</b>	<b>157.7%</b>
<b>2004</b>	<b>2,711,536</b>	<b>16.7%</b>	<b>138.7%</b>
<b>2005</b>	<b>2,687,892</b>	<b>16.5%</b>	<b>149.5%</b>
<b>2006</b>	<b>2,745,807</b>	<b>17.1%</b>	<b>180.3%</b>
<b>2007T</b>	<b>2,890,500</b>	<b>17.3%</b>	<b>175.8%</b>

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**North American Vehicle Production 1996 – 2006**

	<b>Total New Domestic New Domestic Units</b>	<b>% of Total N.A.</b>	<b>New Domestic Canada (Units)</b>	<b>New Domestic % of Total Canada</b>
1996	3,109,769	20.1%	373,053	15.5%
1997	3,237,965	20.2%	402,893	14.5%
1998	3,487,433	21.8%	434,834	15.7%
1999	3,768,691	21.4%	633,981	20.0%
2000	4,103,226	23.2%	618,213	21.2%
2001	3,997,567	25.3%	614,356	24.2%
2002	4,168,305	24.9%	641,775	24.4%
2003	4,422,906	27.3%	670,737	26.3%
2004	4,805,539	29.6%	811,577	29.9%
2005	5,511,516	33.8%	881,454	32.8%
2006	5,621,219	35.5%	900,839	35.0%

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**Employment in Canadian Automotive and MTDM Sectors**

	<b>Assembly Sector</b>	<b>Parts Sector</b>	<b>MTDM Sector</b>
1991	53,298	65,416	17,722
2001	53,205	98,894	25,893
2002	52,038	96,803	26,107
2003	49,971	98,334	27,566
2004	50,114	97,342	27,779
2005	49,808	96,540	27,794
2006	47,460	92,315	27,626
2007YTD	47,750	87,296	25,674

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**New Capital Expenditures in Canada and the US - \$CDN Millions****Assembly and Parts Sector**

	United States	Canada	North America	Canada Percent Assembly	Canada Percent Parts	Canada Percent of N.A.
1996	\$16,526	\$3,306	\$19,832	28.9%	6.9%	16.7%
1997	\$20,622	\$4,051	\$24,673	29.0%	7.0%	16.4%
1998	\$22,565	\$4,040	\$26,605	24.9%	8.7%	15.2%
1999	\$21,155	\$3,460	\$24,615	27.1%	5.5%	14.1%
2000	\$20,259	\$2,711	\$22,970	20.3%	6.4%	11.8%
2001	\$19,852	\$3,021	\$22,872	25.3%	5.0%	13.2%
2002	\$19,401	\$3,303	\$22,703	22.6%	8.5%	14.5%
2003	\$17,640	\$3,848	\$21,488	28.2%	8.8%	17.9%
2004	\$14,246	\$3,268	\$17,514	27.0%	11.0%	18.7%
2005	\$13,194	\$3,147	\$16,341	32.0%	9.0%	19.3%
2006	\$12,362	\$3,998	\$16,360	41.4%	10.6%	24.4%
2007	\$11,978	\$3,216	\$15,194	33.4%	12.9%	21.2%

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**Issues of Concern**

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- The OE Parts sector is substantially weaker than the assembly sector and there are signs of serious problems emerging in our MTDM sector
- The increasing value of the Canadian dollar makes Canadian manufacturing less attractive to foreign investors
- The Canadian cost structure has crept steadily higher
- The new UAW contracts in the US gives GM, Ford and Chrysler an advantage over Canada on economic issues?
- The new UAW contracts targeted future product platforms for US plants possibly at Canada's expense

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- The impact of GM, Chrysler and Ford's restructuring on Canada?
  - What happens to the suppliers, communities and workers affected? This is the Windsor Issue!
  - Will they be Canada "light" or Canada "heavy" ... currently Canada "light"
- Reliance on success of specific models'? Can we improve our chances?
- The ability of the traditional supply chain to be successful with the New Domestics?
- As the CAW gets squeezed, do they become more militant?

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- Is the Globalization of the automotive sector an upside opportunity for Canada (if so how?) or is it more of a downside threat?
- Are the Big Pictures issues facing the industry (The environment, fuel efficiency, safety, grid lock etc) an opportunity for Canada or a downside threat?
- What is the role of Government Policy? Can the Gov't play in this sector, if so how, how aggressively, where etc.

## What about Windsor/Essex County?

Let me return to my text