

# Parts companies face court showdown

**the Bay**  
**CORRECTION NOTICE**  
 In Belle magazine spring 2005 issue, on page 28, Gem sandal by Tommy-Hilfiger is incorrectly identified as Metallic sandal by Ralph Lauren. Sorry for any inconvenience this may have caused.

BY PATRICK MANGION  
 Staff Writer

The picture on the wall in Axiom Group's Aurora facility shows Rocco Di Serio, one of the owners of the small auto parts maker, smiling ear-to-ear as he accepts a plaque from a representative of Magna International. The caption reads, "Preferred Supplier Award".

But since that picture was taken more

than five years ago, the relationship between Axiom and Magna subsidiary Intier Automotive Inc. has eroded.

Last year, Intier demanded Axiom slash prices by 31.8 per cent, due to pressure for more competitive pricing from automakers.

Many of Canada's small auto part makers, including Axiom, face financial ruin as a trend of cost-cutting from upper tier suppliers continues, an industry conference heard last week.

Intier's proposed deep cuts would essentially sink the business and lead to cutting more than 60 per cent of Axiom's 145 employees, according to Mr. Di Serio and partner Herbert Jahn.

The nearly 32-per-cent price cut would be impossible for Axiom to absorb, Mr. Jahn said during a tour of the 70,000-square-foot Mary Street facility.

"There's isn't 32 per cent left," Mr. Di Serio added.

"Whatever we could offer (to Intier in savings), we did it," he said, adding Axiom's managing partners sought price cuts from their own suppliers in an effort to satisfy Intier.

The company also asked the Town of Aurora for a break on its commercial taxes and approached the local hydro company to find savings.

But nothing it could do would have produced a 32-per-cent savings, Mr. Di Serio said.

Last month, a Toronto judge granted Axiom an injunction after Intier threatened to cancel all 40 of its contracts with Axiom, some of which run through 2009.

In January, Axiom filed a \$30-million lawsuit against Intier, claiming it breached contracts.

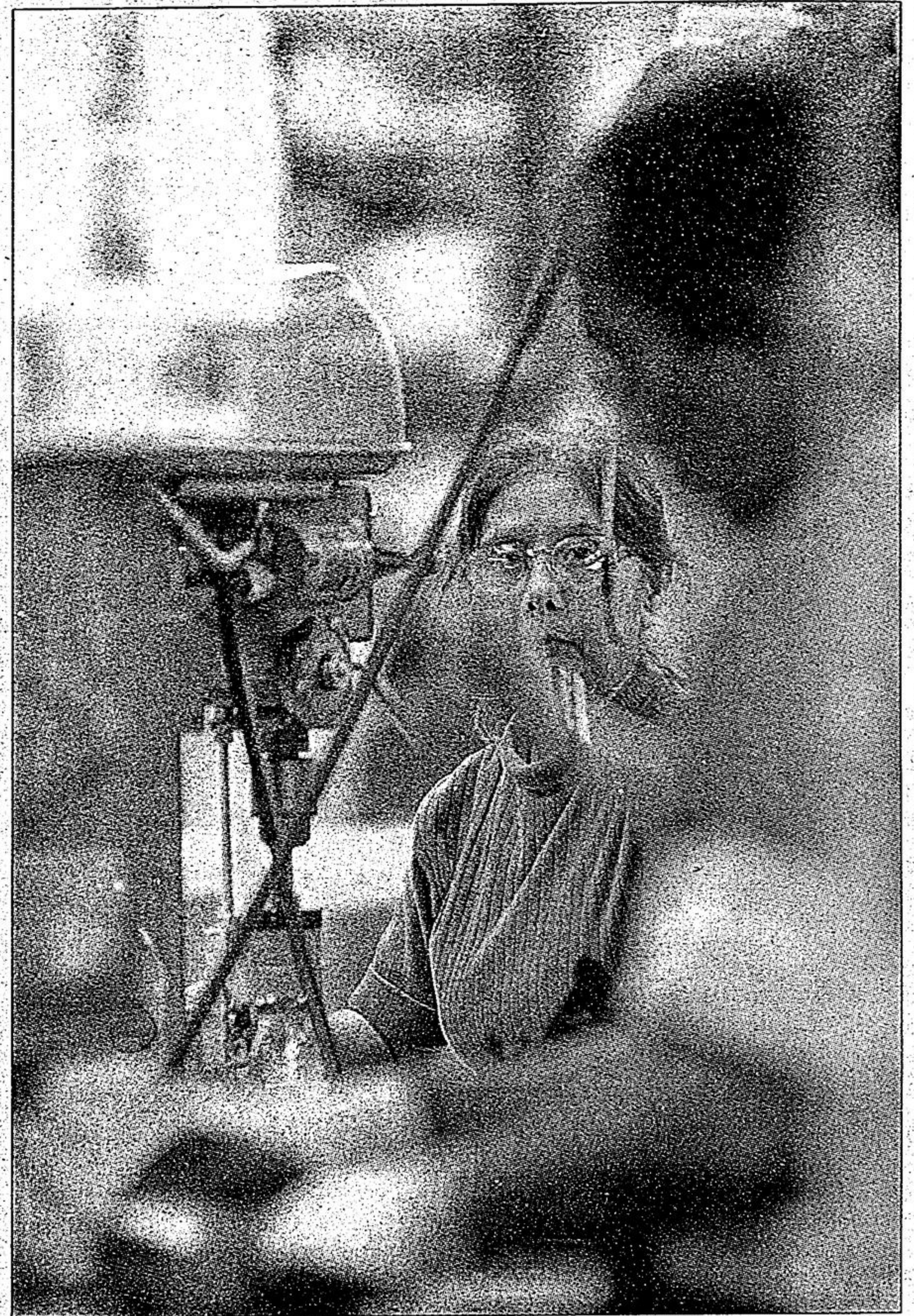
Louis Tonelli, vice-president of investor relations, said Magna would not comment on Axiom's lawsuit since it is now before the courts.

"The parts-supply base has become very unstable," Intier chief executive officer Don Walker told The Toronto Star last week.

A shareholders meeting is set for March 30, when Intier is expected to rejoin the parent company. Magna spun off several of its subsidiaries over the past 10 years.

Meanwhile, lawyers for Axiom and Intier are awaiting a trial date.

Axiom is using the time to court new business, anticipating its dealings with



STAFF PHOTO/STEVE SOMERVILLE

Axiom officials say they would have to cut as much as 60 per cent of their workforce if Intier was able to cancel contracts.

Intier and Magna will be over in four years, regardless of the trial outcome.

"It had to come to this," Mr. Jahn said.

Mr. Jahn, Mr. Di Serio and partner Perry Rizzo began their business relationship with Magna in 1989, when

Axiom began making tooling and parts for automobile windows for the auto parts giant.

After moving from Scarborough to a larger facility in Aurora about three years ago, Axiom invested millions in technology, while hiring more than 40 employees.

One machine, costing \$250,000, was purchased strictly to meet the requirements of Intier contracts, Mr. Jahn said.

News of the fallout with Intier has occupied much of the water cooler talk around among Axiom employees, said shift supervisor Lalitha Thillainathan.

"We're still busy. We don't want to lose Intier. People are worried," she said.

Intier has been Axiom's main customer for 10 years, accounting for 60 per cent of its business.

Axiom has annual sales of about \$14 million.

Intier generates annual sales of more than \$4.65 billion US.

In granting last month's injunction, the judge said Intier would save about \$1.7 million by cancelling contracts with Axiom.

Statistics show about 2,000 of the 101,500 auto-parts sector jobs concentrated in southern Ontario were eliminated last year.

Industry experts are forecasting a 6-per-cent downturn in North American vehicle production, or approximately one million vehicles, next year.

Dr Rory Hunter D.D.S. and staff are delighted to welcome Dr. Kelly Sam Chu as a Dental Associate to our practice. She practices all facets of clinical dentistry with a special focus on surgery.

*We welcome new patients!*  
 34A Main Street Markham  
 905-294-3444

**gershwin on the Green**  
 March 28, 2005

Featuring the Toronto Philharmonic in support of Renascant  
 Cocktails: 6 pm Dinner: 7 pm Concert: 9 pm  
 Individual Tickets: \$150  
 Table Sponsorship: \$2500 for 6 people, logo & 9 holes golf  
 Reserve your tickets by contacting Kelly Woyling at 905-887-0090 x237

**Mark Your Calendar!**

**MARCH 18, 19 & 20, 2005**

OVER 120 EXHIBITORS • HOURLY DOOR PRIZES  
 FREE PARKING • ATM MACHINE • COAT & PARCEL CHECK • CHILD CARE

Join us at **CANADA'S ORIGINAL**  
*display of Canada's Finest Juried Exhibitors offering "The True-Essence of Country"*

Country Furnishings • Country Decorating Accents  
 Antiques • Country Clothes • Accessories • Country Crafts  
 Affordable Gift Ideas for Easter, Mother's Day & Father's Day

*Everything from A to Z to help decorate your home, garden and cottage for your "Country Hearts" Desire!*

**MARKHAM FAIRGROUNDS**  
 McGowan Road, 7 km North of Hwy 7  
 www.countrydecoratingshow.com  
 Information: 1-866-649-2480

**\$200** admission for you & your friends off with this ad!

THE SHOW IS LIKE YOUR FAVOURITE COUNTRY DECORATING MAGAZINE HAS COME TO LIFE!

Stuyfville Side Road	Highway 404	Major Mackenzie Dr. 407	Highway 404
----------------------	-------------	-------------------------	-------------