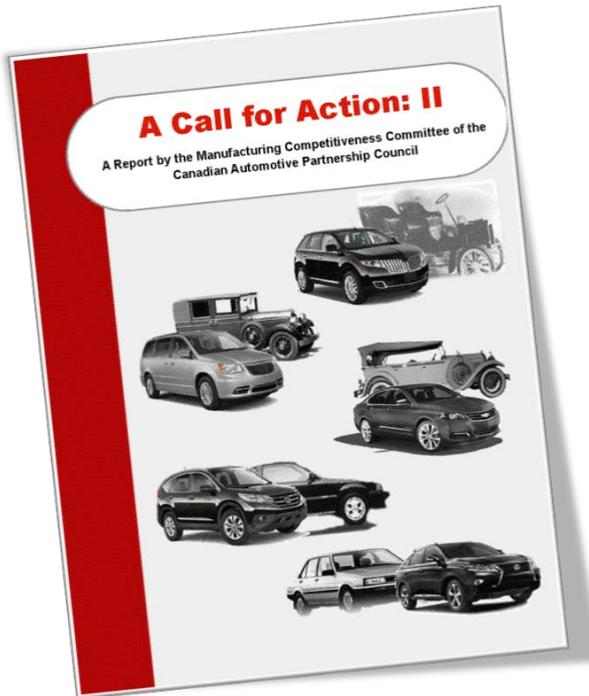


Automotive Advisor

Progress Report to the
Canadian Automotive Partnership Council

Ray Tanguay
January 2016

CAPC Vision



“To be the location of choice for automotive manufacturing within North America, driven by globally competitive innovation in a profitable and growing new-vehicle market”.

A Call For Action: II

Recommendations

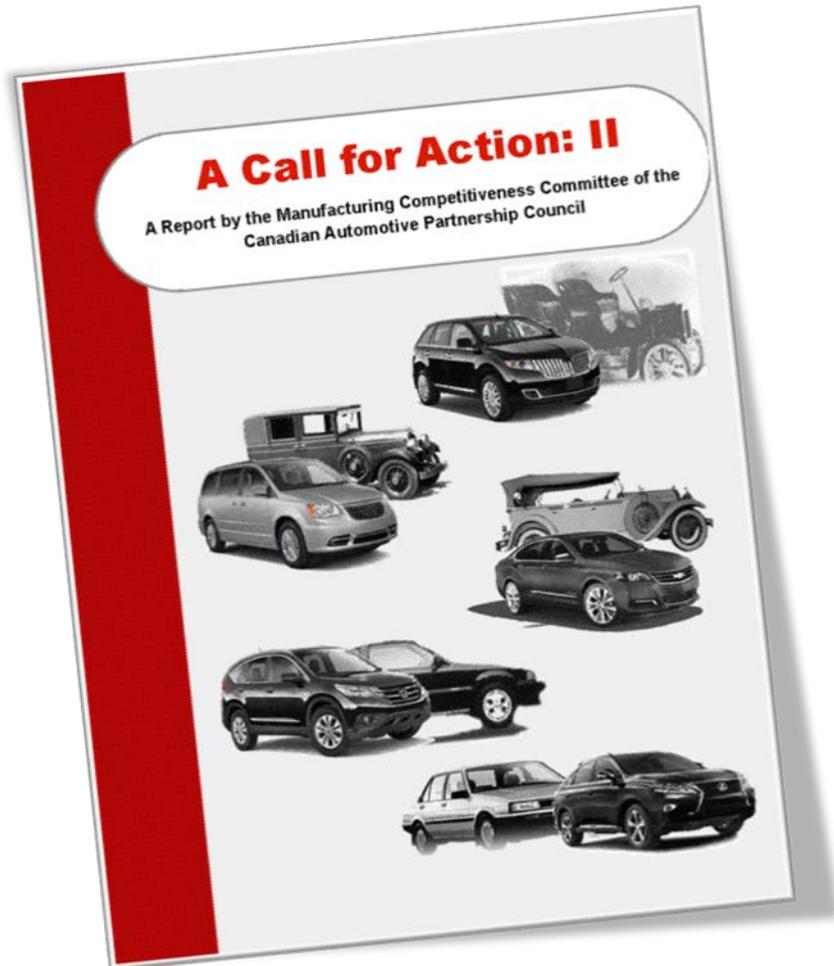
Public sector:

- compete for assembly mandates with globally competitive investment supports;
- reduce the fully-loaded cost of labour;
- provide one-stop support for investment attraction;
- improve transportation infrastructure and border policy;
- ease regulatory burden;
- pursue a free and balanced trade agenda; and
- align the number of working days with competitor jurisdictions.

Private sector:

- invest in plants, machinery and equipment;
- invest in people;
- invest in research and innovation; and
- develop a clear and compelling narrative for Canadian investment.

November 2014 CAPC Meeting



- Recommendation to Ontario and Canada to create Automotive Investment Board
 - ✓ Governments created Automotive Advisor Role
- Create a new federal program to address supplier innovation challenges
 - ✓ Automotive Supplier Innovation Program (ASIP) announced and running by Spring 2015

Automotive Advisor Mandate

1. Strategic advice to governments on investment retention and attraction
2. Intelligence on potential investment attraction decisions, in advance of actual decision-making
3. Identify actions to improve Canada's value proposition, address misperceptions and communicate Canada's strengths

Problem

- Competing jurisdictions attract new greenfield investment over Canada.
 - 8 new assembly plants to Mexico and 2 to southern U.S. in since 2008
- Negative views of cost of labour, electricity, and extent of unionization in Canada. Not all automotive companies can take advantage of lower corporate tax rates.
 - Impacts Canada's ability to attract new investment
- Canada has an image problem.
 - Perception that Canada's automotive sector has not recovered since 2008-09

Basic Approach

- Understand the current condition of the automotive sector in Ontario
- Engage key stakeholders
- Take action to address gaps with future desired state of competitiveness

Significant Consultations

- Since July 2015, consultations with key automotive industry stakeholders, including:
 - industry associations
 - political leaders
 - OEMs in Canada and the United States
 - suppliers
 - opinion leaders
 - labour leaders
 - academia
 - economic development organizations
 - governments

Recommendations

- To build on Canada's strengths, further action is needed to give Canada a competitive advantage.
- Our future focus should be on actions across three pillars:
 - Investment
 - Technology
 - People

Recommendations

Aligned / Consistent with CAPC Call for Action: II

Investment

- Develop and communicate a more **compelling investment rationale** including dispelling misperceptions; highlight the skilled workforce in Canada, its ability to manage complexity and support the global launch of new vehicle models
 - ✓ New communications products developed to dispel myths about Canada and to underline the importance of the automotive sector
- Improve organization and coordination of investment attraction and retention through a **dedicated investment office** based on an integrated approach between government players with senior government and political champions
 - ✓ Federal government and Ontario have announced intention to create strategic investment offices.
- Provide incentives that reflect industry needs, update the Automotive Innovation Fund allowing for non-repayability, where a strong business case exists
- Work to bring together data from various sources to build a consolidated repository of information on the automotive ecosystem in Canada
 - Includes a “geo-mapping tool” for Canada’s automotive landscape

Recommendations

Aligned / Consistent with CAPC Call for Action: II

Technology

- Map Canada's information technology sector to better understand and promote Canadian strengths including in information technology
- Promote capacity to develop new technology to meet environmental requirements and consumer demand
- Invest in and support development of new technology aligned with future direction of industry
- Retain programs like ASIP which support ongoing innovation in suppliers
- Seek formal collaborative agreements for R&D and technology development with Michigan, Ohio, Germany and Japan

Recommendations

Aligned / Consistent With CAPC Call for Action: II

People

- Develop better labour market information on skills gaps
- Focus on recommendations to improve the availability of skilled labour
- Address the flow of people across the Canada-U.S. borders, recognizing the integrated nature of the Great Lakes Cluster
- Establish an Advanced Manufacturing Management Academy to promote advanced manufacturing management practices to improve cost competitiveness and better develop and engage staff

Next Steps

- Advise Canada and Ontario in their development of a strengthened *Investment in Canada Office* and Ontario's new *Strategic Investments Office*
- Develop and implement a long term business plan; targeted actions across the three pillars
 - Industry and government involvement will be needed
 - Priorities for further development: changing perceptions about Canada, improving our cost competitiveness, bolstering our supply chain