

2002 was a near-**record** year for Ontario's auto industry

Driven by a well-earned reputation for consistent quality, productivity and innovation, Ontario's auto industry exceeded analysts' expectations for 2002 and enjoyed a near-record year, according to Mark Nantais, the president of the Canadian Vehicle Manufacturers' Association.

That's good news for the industry, which is big business in Ontario. How big? Look at the numbers. With about 50,000 highly skilled workers in the assembly industry and another 100,000 in parts development and manufacturing, the province is the eighth largest producer of motor vehicles worldwide. Last year, Ontario assembly plants produced more than 2.6 million vehicles. That's 16 per cent of the vehicles manufactured in North America. Only Michigan pumps out more vehicles than that, and just barely.

Six of the world's largest car companies have major operations in Ontario. Over the years they've invested billions of dollars in state-of-the-art technologies and facilities. Last year alone, investment commitments topped \$2 billion, making Ontario No. 3 worldwide in auto investment (source: APMA biennial Major Automotive Assembler Investment Announcements).



photo courtesy of KS Centenco Wheel Corporation, Windsor



Canadian Automotive Partnership Council
page 2



Auto assemblers' investments in Ontario
page 9



Open for business: Oshawa
page 14



Algonquin Automotive
page 15



Ontario

continued on page 8

Canadian Automotive Partnership Council aims to keep the auto industry competitive

Ontario's auto industry — the province's largest, accounting for close to 20 per cent of Ontario's manufacturing gross domestic product — has been a big success story. But in the past few years, it has been faced with ever-increasing competition from jurisdictions in the southern United States, Mexico and southeast Asia.

“The global competitive pressures are building,” says Michael Grimaldi, the president of General Motors of Canada. “Historically, our auto sector has been very successful, but the environment has changed as countries compete for economic growth and job-creating investments. There is an accelerating need to ensure a favourable business environment for automotive companies to invest here.”

Determined to improve its competitiveness, Ontario's auto industry is fighting back hard, supported by governments at both the federal and provincial levels.

Recognizing that a long-term strategy is essential to ensuring success, the federal government, together with the governments of Ontario and Quebec and industry representatives, formed the Canadian Automotive Partnership Council (CAPC) in June 2002.

Co-chaired by Grimaldi and Don Walker, the president of Intier Automotive, the council was charged with three areas to identify and prioritize: critical industry issues; to identify actions needed to strengthen the industry in both the short and long term, and to identify opportunities for future innovation and investment.

CAPC moved quickly, first confirming that a comprehensive auto strategy would need to address five key issues: human resources development, innovation, infrastructure, fiscal and investment policy measures



General Motors, Oshawa

and regulatory harmonization. Working groups were formed to address each of the identified issues.

The working groups made their initial presentations in mid-December 2002. In a nutshell, they called for tax cuts; less red tape; help with human resources development; investment in research and development; and improved infrastructure, particularly at the busy Detroit-Windsor crossing. Both levels of government were listening.

continued on page 11

ensures efficiency and security

Ontario's auto industry operates under tight just-in-time delivery constraints. That means it relies on efficient border crossings, something that has been a greater-than-usual challenge in the wake of 9/11.

So when the new Free and Secure Trade (FAST) program went into effect in December 2002, auto assemblers and parts manufacturers applauded it. FAST is a joint U.S.-Canada initiative that's designed to make cross-border commercial shipments simpler, cheaper and faster — all while enhancing security.

"FAST is proving to be an effective program for companies like ours that are known importers using known carriers and drivers," says Faye Roberts, the manager of government relations for General Motors (GM) of Canada.

"Ontario's auto industry is highly integrated with the US," she explains. "Thousands of shipments of similar types of goods cross the border both ways each day. GM alone ships 1,100 truckloads a day. FAST is making it possible for those shipments, which are considered low risk, processed quickly, which means we stay on schedule."

Created from the framework of three existing security programs — Canada's Customer Self-Assessment and Partners in Protection (CSA/PIP) and the United States' Customs Trade Partnership Against Terrorism (C-TPAT) — FAST provides a streamlined clearance process at the border for pre-authorized importers whose goods are transported by pre-authorized carriers and drivers.

To be eligible for the program, the importer, carrier and driver must all go through a thorough application and approval process with authorities from both governments. Approved participants report their shipments electronically at least 15 minutes before arriving at the border. Once there, shipments are identified by way of bar code or transponder. Processing takes a couple of minutes, then shipments are on their way. The program will soon include a dedicated fast lane, which should make processing even swifter.

"Canadian and U.S. officials are working closely with industry on both sides of the border to develop and implement FAST," says Roberts, "which is why it's successful."



Most young people dream about owning their first car. They look upon it as their first real taste of independence and freedom. As they get older, the car becomes a more practical tool — helping them get to work or drive their children from point A to point B. They may even identify it as their basis of employment. Ontario's automotive industry accounts for one out of every six jobs in the province. Our government appreciates the importance of the auto industry and congratulates it on its success. As minister, I always like to point out that Ontario is second only to Michigan as a vehicle-producing region in North America. And I certainly recognize that the automotive industry is one of the key drivers of our economy.



The auto industry represents four per cent of Ontario's GDP and nearly 20 per cent of our manufacturing GDP — the largest single component of the manufacturing sector. The 13 automotive assembly plants and over 400 major auto parts plants located in Ontario directly employ over 140,000 people. About 191,000 more are employed in the retail and service arms of the industry.

Our government is committed to ensuring the automotive industry can continue to thrive, provide jobs to Ontarians and compete on a worldwide scale. In this issue of *The Ontario Business Report*, we talk to some of the automotive businesses, associations and people that operate on the front lines of this innovative industry. We also examine steps our government has taken to ensure its continuing success. Last year, we hosted an automotive roundtable to strategize with industry leaders on ways to increase the sector's global competitiveness. We have invested in skills training to support the needs of the industry. We also committed an additional \$625 million over five years for enhanced research and development and training programs in sectors including the automotive industry. This will help support large-scale, job-creating investments in the province.

In 2002, Ontario's automotive industry shipped approximately \$95 billion worth of assembled vehicles and parts. Our government is committed to ensuring that this strength only grows. We are committed to working equally hard on behalf of all of Ontario's diverse industries — for the benefit of our province and all its people.

Jim Flaherty
Minister of Enterprise, Opportunity and Innovation

Automotive aftermarket industry keeps vehicles serviced and supplied

There are 16.8 million cars and light trucks registered for use on Canadian roads. These vehicles will each be driven an average of 225,000 kilometres over their lifespan. To keep them operating safely and well, most will require regular maintenance or replacement parts over the years; to reflect individual tastes, an owner may also wish to enhance vehicle performance or add accessories.

Any parts, accessories, tools, equipment or services that a vehicle may require after assembly are considered aftermarket products or services.

"The automotive aftermarket industry encompasses every part of the distribution process, from the supplier to the warehouse distributor to the wholesaler," explains Ray Datt, the president of the Automotive Industries Association (AIA) of Canada. "There are more than 20,000 unique combinations of engines and body styles on the road today. The industry's three-step distribution system ensures both mass merchandisers [such as Canadian Tire] and the local garage can get fast access to thousands of unique parts without having to keep them all in stock."

Canadians invest approximately \$14.5 billion in aftermarket products and services annually, with Ontarians spending about \$6.7 billion, or almost 46 per cent of the Canadian total. The majority of aftermarket business results from the sale and installation of cooling, filtration, ignition and electrical system components, safety products, engine parts and under-car products, including brakes and shocks.

Ontario's aftermarket industry directly employs over 100,000 people. In 2000, the average cost of vehicle repair was \$754 per year, with the core market comprised of vehicles between five and 12 years old.

"A growing segment of our industry is remanufacturing," says Datt. "For instance, every engine has components

that don't move and consequently experience little or no wear and tear. These parts can be stripped down to their core and rebuilt to meet or exceed the original standard. Remanufacturing provides an environmentally friendly, cost-effective option for vehicle owners."

AIA is also working on behalf of its 1,400 members to address concerns about a shortage of skilled workers in automotive repair. "We are very glad that the government is enhancing the apprenticeship system. Over the next five to seven years, we forecast more people retiring than entering this field and we are working actively to address the gap," says Datt. "Also, automotive repair is increasingly sophisticated and has changed radically in just 10 short years. Today, an automotive service technician has to be able to read computer diagnostics and operate in a highly technological environment. Education, training and retraining are all extremely important."

It is estimated that by 2004, the fastest growing segment of the automotive aftermarket industry will be do-it-yourself repair for vehicles more than 13 years old. "Our industry will continue to change and adapt to meet the needs of the consumer and respond to the increasing complexities of vehicles," Datt says. "We look forward to becoming even more customer focused and environmentally aware."

For more information, visit www.aiacanada.com or call (613) 728-5821

makers drawn to Ontario

In 2001, Austria-based Starlim-Sterner GmbH — a world leader in silicone injection moulding, used to produce parts for the auto industry — was looking for a home for its North American production facility. After carefully evaluating locations in the U.S. and Canada, Starlim-Sterner chose London, Ontario.

Starlim-Sterner is one of a growing number of international parts manufacturers to locate facilities in Ontario, adding to the more than 400 successful parts suppliers already thriving in the province.

provides significant advantages for parts developers and manufacturers.

Topping the list is Ontario's high-quality workforce. "There are more than 90,000 well-educated, highly



The past few years alone have seen such well-known industry names as Magna International, Amino Corporation, Futaba Industries, TG Minto, Trim Masters, Keiper Limited and ZF Lenksysteme announce the establishment of new Ontario facilities. Dozens more have announced expansions of existing facilities.

What makes Ontario such a hotbed of auto parts activity?

Gerald Fedchun, the president of the Automotive Parts Manufacturers' Association, says the simple answer is that the province has a well-established automotive industry — Ontario has been making automobiles for 100 years and has 13 major assembly plants — and

trained workers in the industry," says Fedchun, "and they have a well-earned reputation for hard work and innovation."

Then there's market proximity. Ontario is located in the heart of the North American auto industry, which means Ontario parts manufacturers are within a 10-hour truck drive of assemblers in the U.S. That's a critical advantage in an industry that demands just-in-time delivery and exports two-thirds of what it manufactures to the U.S.

"Keeping a free flow of trade is essential," says Fedchun, who rates it the No. 1 challenge for the industry in the post-9/11 world. Federal and provincial authorities and their U.S. counterparts, together with industry, are

continued on page 11

blends research, education and the automotive industry

The Centre for Automotive Materials and Manufacturing (CAMM) is enhancing the competitiveness of Ontario's automotive industry. Founded in 1998 as a joint initiative between Queen's University, Alcan International and the government of Ontario's Research and Development Challenge Fund, CAMM provides leadership and a framework to transform university research and education into opportunities for the automotive sector. The partnership has since been expanded to include McMaster University and the University of Waterloo.

"CAMM is developing key partnerships, and its program is strengthening and growing," says Dr. Floyd Tuler, the executive director of the Centre for Automotive Materials and Manufacturing. "In 1999, we were involved in four research projects. This year, we have 61 projects with six participating universities and 32 industrial partners. Almost 300 faculty researchers, research associates and graduate and undergraduate students are currently involved in developing new materials and manufacturing knowledge for the automotive industry."

An independent board of directors governs CAMM and includes members from industry, university and research organizations. A research advisory committee reviews all research projects and makes recommendations concerning progress and direction to best promote automotive sector competitiveness. Since 1998, CAMM and its industrial and institutional partners have committed \$11.6 million to innovative research. Much of this research occurs at CAMM's 50,000-square-

foot state-of-the-art facility in Kingston, which is a blend of laboratory and classroom space. Research also takes place at CAMM's other participating universities.

CAMM's research portfolio includes work in lightweight metals, advanced power systems, manufacturing

economics, plastics, composites and coatings, and part and component fabrication. Three spinoff companies, each of which has created new jobs, have resulted from CAMM projects. They are Medusa Computing, which sells computer systems and software for calculating the stresses caused by stamping; Kings to Process Metallurgy, which provides quantitative data to support the development of new processes for light metals, base metals and specialty materials; and Free Forming Technologies, which uses a new technology that permits rapid prototyping of complex metal shapes by a special dieless incremental forming technique. Ontario's automotive companies are employing researchers who have worked on CAMM research projects, and CAMM continues to be a key source of highly qualified personnel who can effectively meet the needs of the industry.

"CAMM has seen notable successes," says Tuler. "Faculty and students are publishing important research papers. We have helped bring university resources to industry, which in turn helps students learn in a very practical manner how industry works. We are also providing crucial training, building job capacity and developing technologies that are of high use and value to the automotive sector."

Over the next few years, CAMM plans to continue its current research program while expanding efforts in materials and manufacturing technologies for fuel cells and the economics of manufacturing processes. For more information, visit www.cammauto.com or call (613) 547-6700.



Oshawa engineering centre leads the way



General Motors (GM) of Canada's \$20-million regional engineering centre in Oshawa represents one of the largest commitments to engineering and technology development by any automaker in Canada. Opened just two years ago, the centre is now home to 260 engineers and over 400 employees. The centre is fully equipped with build shops, machine shops, and metallurgy and measurement labs.

*Company: General Motors Engineering Centre
Sector: Automotive
Location: Oshawa
Web site: www.gmcanada.com*



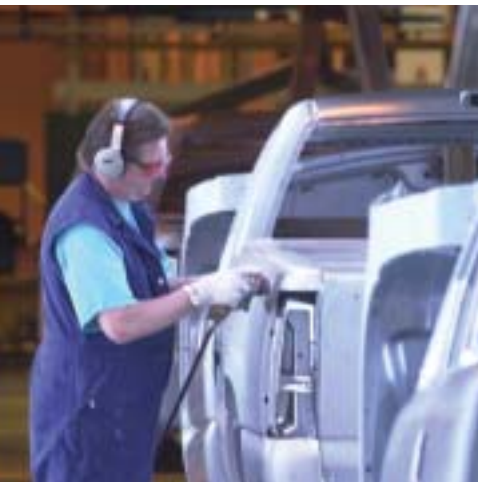
The building's systems permit real-time sharing of product information, with a cinema-sized computer screen and a virtual sketch board linking GM's engineering centres worldwide. The Oshawa centre is part of a global engineering network that enables collaboration among GM's engineers in the U.S., Japan, Germany, Australia, Sweden and Mexico.

"We have very-high-calibre employees here in Oshawa," says Maryann Combs, general director, engineering and product planning of GM of Canada Limited. "The vast majority of them are graduates of Ontario colleges and universities, which are a fantastic source of employees for us."

The full-scale design facility focuses on body and chassis systems, alternative fuel applications (ethanol, propane, natural gas), cold weather development and quality engineering. GM Canada's engineering staff has always provided engineering services for vehicles built in Canada. With the construction of the engineering centre, their role has grown.

The centre was recently selected as the lead engineering centre for the new Chevrolet Equinox, a compact sport utility vehicle to be built in Ingersoll at the CAMI joint-venture plant.

"The Equinox is the first program for which we are the lead engineering centre," says Combs. "We're collaborating with other centres around the world, and our engineers are leading the engineering of the vehicle."



continued on page 13

2002 was a near-record year for Ontario's auto industry



The world's automakers also continue to place important product lines here. Last year, General Motors announced that its Oshawa No. 2 plant would be the exclusive North American supplier of the company's Grand Prix. Ford, DaimlerChrysler and Honda made similar announcements. And Toyota's Cambridge facility was awarded the supreme compliment of being chosen as the first plant outside Japan to assemble a model for the company's Lexus luxury division.

"Automakers' confidence in Ontario assembly plants is well founded," says Nantais, who points out that not only are they highly productive — Ontario facilities enjoy a seven per cent productivity advantage over their U.S. counterparts — they also produce top-quality vehicles. The 2002 J.D. Power and Associates survey, one closely watched by the industry, found that three of the top 10 North American plants were in Ontario, with General Motors' Oshawa No. 2 plant ranked No. 1 overall. GM Canada's Oshawa No. 1 car plant, which produces Chevrolet Impala and Monte Carlo cars, ranked highest among 82 plants in North and South America in J.D. Power and Associates 2003 study of initial vehicle quality.

The success of Ontario's vehicle assembly industry is echoed on the supply side, says Gerald Fedchun, the



Ontario's auto industry:

- got its start in 1904
- is the seventh largest producer of vehicles worldwide
- includes 13 major auto assembly plants and 400-plus parts manufacturers
- produced 2.6 million vehicles in 2002 — that's one in six vehicles made in North America — 85 per cent of which were exported to the U.S.
- directly employs more than 140,000 people in Ontario, with 191,000 more employed in the retail, wholesale and service ends
- accounts for nearly 20 per cent of the province's manufacturing GDP
- shipped \$95 billion worth of assembled vehicles and parts in 2002
- ranked third in the world in 2002 in investment, attracting \$2.11 billion in new spending on assembly plants
- has attracted close to \$20 billion in investment by assemblers and parts manufacturers in the past decade

At a glance



president of the Automotive Parts Manufacturers' Association. There are 400-plus companies engaged in parts development and manufacturing in the province, and their well-earned reputation for getting innovative parts to market quickly has paid off in growing sales, which have gone from \$12.5 billion in 1991 to over \$33 billion last year.

Ontario's parts industry has also continued to attract new investment, notes Fedchun, pointing to companies such as Austria's Starlim-Sterner which is establishing major operations in the province.

But industry experts caution that, despite its current success, the industry faces a number of challenges in the future.

"2003 is a turning point," says Nantais. "We can either write a script that's very good for the future or one that's not."

Topping the list of challenges is fierce competition from some of the southern U.S. states and Mexico, which offer huge cash incentives to attract manufacturers. It's a pressure the Ontario government has been responding to with decisive action.

"With Ford, Mitsubishi, and Toyota all scouting locations for new North American facilities, the government recently announced a new auto sector strategy. It commits \$625 million over 5 years to enhance automotive research and development, expand training opportunities and improve infrastructure. Aimed squarely at luring these new investments, and reinvestments, it is a move that is applauded by the industry."

All this follows on government commitments last year of more than \$401 million to improve Highway 401 to enable parts suppliers and assemblers to continue to meet just-in-time deadlines. Another \$150 million, matched by the federal government, has been earmarked to improve traffic flow at the Windsor-Detroit border crossing, the busiest in North America and an essential one for Ontario's auto industry.

As part of the Canadian Automotive Partnership Council, the Ontario government is also working with industry and the federal government on long-term strategies for strengthening the sector's global competitiveness and creating new opportunities for growth.

Among the investments announced/made in Ontario by auto assemblers in 2002:

- \$885 million at General Motors, Oshawa and St. Catharines
- \$650 million at Toyota, Cambridge
- \$600 million at Ford, Oakville
- \$500 million at CAMI, Ingersoll
- \$460 million at Daimler-Chrysler in Windsor
- \$150 million at Ford, St. Thomas
- \$32 million at Honda, Alliston

Among the investments announced/made by parts manufacturers in 2002:

- \$90 million by Nemak Canada Corporation, Windsor
- \$65 million by Ube Automotive North America, Sarnia
- \$31 million by Futaba Industries, Stratford
- \$27 million by Starlim-Sterner, London
- \$25 million by Magna, London
- \$20 million by Dana Corporation, St. Marys
- \$12 million by Amino Corporation, St. Thomas
- \$5 million by Aisin, Woodstock

Toyota Canada

gets an important new mandate

Toyota Motor Manufacturing Canada, or TMMC as it's known, is on a roll. And it has been almost from the moment the first Corolla came off the Cambridge assembly line in 1988.

Lexus RX330

*Company: Toyota Motor Manufacturing Canada
Sector: Automotive
Location: Cambridge
Web site: www.toyota.ca*

One of the most successful auto manufacturing plants in North America, TMMC has so far captured seven J.D. Power Awards for plant quality — four of them gold. It currently employs 3,200 workers who turned out more than 200,000 Corolla, Matrix and Solara models last year. That's 18 per cent of Toyota's total North American production.

And TMMC is expanding.

With both the Corolla and Matrix selling out almost as fast as they roll off the assembly line, and TMMC set to start producing Lexus RX330 models this September, the company is hiring 700 more employees and boosting production to 250,000 vehicles annually.



Toyota Corolla

"It's quite a challenge," says Greig Mordue, TMMC's manager of corporate planning, "but we're confident we have a plan that will ensure success."

To accommodate TMMC's new mandate, a \$650-million expansion is under way. It includes new weld and plastics shops, as well as an additional paint shop that will feature an environmentally friendly, high-tech system. When the expansion is complete, the company's investment in the Cambridge facility will total \$3.1 billion.

TMMC's growth is having a positive spinoff effect for the province's auto parts sector. Several companies have announced they will set up shop in Ontario for the first time to supply Lexus, among them Trim Masters Inc., which will make seats for the RX330, and Futuba Industrial Co. Ltd., which will manufacture welding assemblies. Other local companies have announced expansions to service the growing Toyota market.

So what's the secret to TMMC's success? "In the final analysis, cars are built by people," explains Mordue. "We have extraordinary people working here."

He adds that "Ontario is a great place to build cars. As well as providing access to a superior labour pool, the province offers competitive business costs and an infrastructure that allows us to get parts and components efficiently, as well as get our vehicles to market."

continued from page 5

Auto parts makers drawn to Ontario

currently working on ways to cut down on border delays while ensuring security and safety.

Rounding out the sector's competitive advantages are Ontario's low business costs. "When companies do a cost analysis, Ontario comes out ahead," says Fedchun.

And that's not just patriotism talking. The 2002 KPMG Competitive Alternatives Study confirms the cost advantage. The study, which compared business costs in Austria, Canada, France, Germany, Italy, Japan, the Netherlands, the U.K. and the U.S., found that Canada offers a 10 per cent advantage over the U.S. when it comes to manufacturing operations, thanks to lower costs for wages and construction, payroll taxes and corporate taxes, and a favourable exchange rate.

It's a message the Ontario government has been promoting with increasing success, as witnessed by the growing number of investments.



continued from page 2

Canadian Automotive Partnership Council...

In mid-February 2003, the federal budget included a schedule to eliminate the capital tax, a particular burden for car and parts makers that require extensive assets to produce their goods. A week later, the Ontario government announced it would commit \$625 million over five years to enhance automotive research and development, expand training opportunities and improve infrastructure. It followed up with more good news in the recent budget, which included a 10 per cent cut to the capital tax rate, with a commitment to remove it entirely by 2008, and continued implementation of its previously announced multiyear corporate income tax rate plan that will see the rate reduced to eight per cent by 2006. The budget also introduced the new refundable apprenticeship tax credit aimed at increasing the

supply of skilled trade workers in strategic sectors of the economy, including the automotive industry.

Finally, the budget increased the rebate for alternative-fuel vehicles to a maximum of \$2,000, part of a total package the partnership recommended to promote the adoption of more environmentally friendly vehicle technologies for consumers.

"Governments at all levels are definitely taking CAPC seriously," says Grimaldi. "But there's still a lot of work to be done, and that requires all the industry stakeholders working together." He points to areas such as regulatory harmonization and improved infrastructure as upcoming challenges.

For more information on CAPC, visit www.strategis.ic.gc.ca/ssg/am01454e.html.

Decoma

driven by innovation and long-term view

Established as an offshoot of Magna International Inc. in the early 1980s, Decoma International Inc. is now a separate public company and a world leader in exterior automotive parts and systems, with annual sales of more than \$2 billion U.S.

*Company: Decoma International Inc.
Sector: Automotive
Location: Concord
Web site: www.decoma.ca*



Decoma designs, engineers and manufactures fascias (bumpers), front- and rear-end modules, plastic body panels, roof modules, exterior trim components, sealing and greenhouse systems, and lighting components. Vehicles with Decoma content cover the entire range of size, style and function, from the BMW Mini to the Cadillac Escalade.

Headquartered in Concord, the company has 14,000 employees at 43 facilities in Canada, the U.S., Mexico, Japan and Europe.

"We have a deeply rooted culture of constant improvement," says Al Power, president and CEO of Decoma. "We've grown by focusing on product innovation and operating efficiency. And in today's competitive market, where the OEMs [original equipment manufacturers] are putting increasing pressure on suppliers to reduce costs, it's more important than ever."

Decoma is legendary for attention to detail that keeps the most-demanding customers satisfied and coming back for more. The company's Polybrite division north of Toronto recently won a contract to supply the grille for the Lexus RX330 sport utility vehicle, a new edition of a top-selling model. In a strong vote of confidence in the entire Ontario auto sector, parent company Toyota selected its Cambridge plant as the first outside Japan to build a Lexus.

In preparation for producing the Lexus grille, Decoma staff visited a local Lexus dealership and the Toyota plant in Cambridge to see the RX330 assembly line firsthand. When production begins later this year, the new Lexus plant in Cambridge will get the grille it wants.

With industry forecasters predicting a three per cent drop in North American light vehicle production for 2003, suppliers like Decoma must focus on increasing their content per vehicle in order to grow. Winning the Lexus contract has already produced new longer-term Toyota business for Decoma.

"We already have a world-class industry here in Canada," says Power. "This development shows that we can continue to grow here if we meet the customer's needs."

While some competitors have already retrenched in the face of declining auto production, Decoma has taken a bullish view that looks at the long haul.

The company recently bought the automotive lighting business of Federal-Mogul, a major U.S. supplier that supplied complete exteriors with lighting already installed. The acquisition brings Decoma continued opportunities for the synergy that has been the basis of the company's continued growth.

"This is a transition year for us," says Power. "Our new investments in facilities and programs will position us for strong sales in 2004 and beyond."

Decoma also takes a long-term view about product design. It's one of the sponsors of the Connect National Student Design Competitions (with the Design Exchange and Dupont Canada).

In the competition, Decoma challenges industrial design and engineering students to design a portion of a hybrid



pickup truck (everything behind the cab area) or to produce an original styling theme for a vehicle.

"Design excellence is a fundamental part of our innovation process," says Power. "Partnering with the Design Exchange and sponsoring an automotive design competition gives us access to a new group of talented young Canadian designers. They can give us a fresh perspective on the way we look at vehicle design today."

continued from page 7

Oshawa engineering centre leads the way

To help ensure that new engineering staff are ready to work on these globally networked projects, GM Canada (along with partners Sun Microsystems and Electronic Data Systems) has contributed the equivalent of \$185 million worth of software, hardware and training in computer-aided design, manufacturing and engineering to the University of Toronto, the University of Waterloo and Queen's University. The Partners for the Advancement of CAD/CAM/CAE Education (PACE) program is now producing a new generation of Ontario engineers.

"Right now, we have to train people to use the math-based systems that we use worldwide," says Combs. "But in the near future, as a result of our PACE program, many of our new employees will

be already familiar with the systems. This is another great advantage."

General Motors of Canada and Suzuki Motor Corporation's CAMI joint-venture plant is investing more than \$500 million to build the new Equinox compact sport utility vehicle (which debuts next year as a 2005 model) in Ingersoll. Having the lead engineering centre close at hand will offer additional benefits.

"One of the great values of having the centre here in Ontario is that we really build on the synergy with the assembly plants," says Combs. "Since engineering plays a crucial role in the quality of the products we build, it also helps our long-term reputation for quality."

Oshawa

“The City of Oshawa can trace its economic roots back to the early 18th century, when the people of the Mississauga Tribe began trading fur with the English and French. The Mississaugas loaded the furs into canoes at the spot where the Oshawa Harbour is now located. In fact, the name Oshawa literally translates to “the point at the crossing of the stream where the canoe was exchanged for the trail.”

New Mackie Harley-Davidson Buell dealership opened in April, 2003 in Oshawa



Today, visitors and residents still enjoy the waterfront and numerous trail systems throughout Oshawa. The city of 146,000 residents also benefits from a diverse economy that is wide open to businesses looking to invest and grow.

“One key advantage is our access to a large and highly-skilled labour force,” says Cindy Symons-Milroy, the Director of Economic Development for the City of Oshawa. “There are more than 80,000 well-educated and highly-skilled workers within Oshawa, and more than 300,000 within a 20-minute commute. We have good availability of land for both commercial and

industrial projects at competitive prices. And we are well-connected by numerous transportation modes to markets across Canada and the United States.”

Oshawa is located on the north shore of Lake Ontario in the Region of Durham, and is considered the eastern gateway to the Greater Toronto Area. It is situated on Highway 401 and is locally served by the Oshawa Municipal Airport, the Port of Oshawa (which provides access to the Great Lakes/St. Lawrence Seaway system), commuter trains and buses and two national freight railways.

General Motors of Canada is the city's largest employer. The company began operations in Oshawa in 1918 and now employs about 13,800 people there (25,000 Canada-wide mostly in Ontario). It produces about one million vehicles a year, 90 per cent of which are exported. The proximity of General Motors has attracted other automotive businesses, which employ another 5,000. “The automotive sector is a principal strength in our economy and we work hard to support and expand it,” says Symons-Milroy. “We also actively target plastics, call centres and other sectors that can benefit from our labour pool, and encourage them to locate in our community.”

Symons-Milroy observes that Oshawa is growing in leaps and bounds. Building permit activity in 2002 more than doubled over the year before, with 60 to 65 per cent of that growth in non-residential development and 35 to 40 per cent in residential. “We are not a bedroom community,” she says. “Oshawa is very much the economic centre of the region. We continue to create the jobs that people want as well as the community they want to live in.”

Currently, the Durham Regional Cancer Centre is under construction and is scheduled to open in 2005. The University of Ontario Institute of Technology will open in September 2003. And in seven to nine years, Highway 407 is expected to extend through Oshawa, attracting further growth to the north end of the city.

“Oshawa has been referred to as a blue-collar industrial town. That's not the case. Our economy is extremely diverse and is becoming more and more technologically-driven. We like to think of our city as the place where technology goes to work,” says Symons-Milroy. “We believe that it's a great time to be in Oshawa.”

For more information visit www.city.oshawa.on.ca or call 1 800 6-OSHAWA (1-800-667-4292)

www.city.oshawa.on.ca

From Muskoka to Mexico, **Algonquin Automotive** delivers

Algonquin Automotive has the best of both worlds. The award-winning accessory supplier produces original equipment – quality products for elite automobile manufacturers, including Toyota, Mercedes-Benz and General Motors. And they prove you don't have to work in southern Ontario to service the auto industry. They do it successfully from three locations in picturesque Muskoka.

*Company: Algonquin Automotive
Sector: Automotive
Location: Huntsville
Web site: www.algonquinauto.com*

“Algonquin began 35 years ago making hitches for towing trailers,” says Anne Cool, the vice-president of strategic capability development. A contract with Toyota resulted in the opportunity to create a running board, and Algonquin moved from aftermarket to original equipment manufacturer, making a name for itself as a running-board expert along the way. Today, the company has patents for a variety of distinctive auto accessories, including tubular steps, grille guards and tonneau covers.

Huntsville is home to Algonquin's corporate office, where product development, engineering and design are carried out, complete with a testing laboratory. The company's paint facility is in Bracebridge, while assembly and quality control take place at Huntsville and Gravenhurst. A sales office is located near Detroit. “In a global world, location is not an issue,” says Cool. “We assemble here and ship to Alabama and Mexico.”

With 325 employees, Algonquin is one of the area's largest employers. Nevertheless, a northern locale presents interesting challenges in hiring. “We look for a good skill set and people who share our values,” says Cool. “People who want a lifestyle change and have a lot of energy fit well. So do those with young families.” The company works with high schools to promote technical careers.

“The things we are good at are designing innovative products and providing quality at low to medium volumes,” says Cool. “We accessorize a vehicle to make it more attractive.” She cites the Toyota Highlander – it went



to market without accessories. To boost sales, Toyota approached Algonquin to produce a running board that would make the vehicle more competitive. The resulting Highlander running board program helped Algonquin earn the prestigious Toyota Gold Supplier Award two years in a row. On that project, Algonquin went from proposal to launch in only five months. “Our speed to market is very responsive because we're small,” says Cool.

Research and development like this are integral for continued success. Close to 40 industrial designers, engineers, technicians and program managers are on board. Customer-specific prototyping and vehicle-specific design keep Algonquin competitive with industry giants like Magna. “Working with Honda, we developed an interesting concept for spoilers that should prove very lucrative,” says Cool.

The results speak for themselves. For the first time, Hyundai will be working with a North American supplier to accessorize the Santa Fe SUV. The company has been awarded the five-part Hummer III program for 2004. A retractable running board design is destined to become state of the art.

As a low-to-medium-volume accessory supplier, Algonquin Automotive is comfortable in its niche.

Ontario Business Report

Wins coveted Award

Canada's largest public relations association, The Canadian Public Relations Society (CPRS) has awarded the Ministry of Enterprise, Opportunity and Innovation's Ontario Business Report its 2003 Award of Merit in the Printed Projects category.



Drawing from every province and territory in Canada, the CPRS has almost 2000 members who work in various sectors including business and industry, financial services, public relations firms, government, non-profit and new technologies.

The CPRS recognizes the outstanding achievement of its members in public relations projects and programs annually through its awards program. Awards within the Printed Projects category are presented to honour excellence in the strategic development of materials and individual PR products that advance the goals and objective of an overall public relations program. Submissions were considered by a panel of leading Canadian public relations practitioners.

In January 2002, the Ontario Business Report's new look was introduced. Designed to create a modern and sophisticated look, attention was paid to the relationship between text, images and white space. Increased size and number of visuals, shorter more densely informative articles and more themed issues worked with the new design to create a more relevant, topical and useful vehicle for promoting Ontario business and the government's role in creating a positive business environment.

"We are very pleased to receive this award," said Jim Flaherty, Minister of Enterprise, Opportunity and Innovation. "The Ontario Business Report is an excellent publication that presents relevant information about business in Ontario in a creative and engaging format. Winning this award is further recognition of the high quality work carried out by the staff of my ministry."

The Ontario Business Report is published 10 times a year and can be viewed on the Ministry of Enterprise, Opportunity and Innovation's web site at www.ontariocanada.com.

To receive a free subscription email to www.ontariobusiness.program@eoi.gov.on.ca

OBR THE Ontario BUSINESS REPORT

Ministry of Enterprise, Opportunity and Innovation
Communications and Public Affairs Branch
Eighth Floor, Hearst Block
900 Bay Street
Toronto, Ontario, Canada M7A 2E1

Telephone: (416) 325-6666 • Facsimile: (416) 325-6688

Minister: Hon. Jim Flaherty
Associate Minister: Hon. David Turnbull
Parliamentary Assistant: Al McDonald
Deputy Minister: Barbara Miller

Editor: Robert D. Mikel
E-mail: ontariobusiness.program@eoi.gov.on.ca

Electronic versions of *The Ontario Business Report* can be found on the ministry's Web site, www.ontariocanada.com.

The focus of this newsletter is on business – successes, news, trends, opportunities, challenges and issues affecting Ontario's business climate. Information is drawn from ministries and agencies across government and from other public sources believed to be reliable. All efforts are made to ensure timeliness and accuracy.

La version française du *The Ontario Business Report* est disponible sous le titre *Cahier des affaires de l'Ontario*.

We want to hear from you.

Please write to us by mail, fax or e-mail.

