



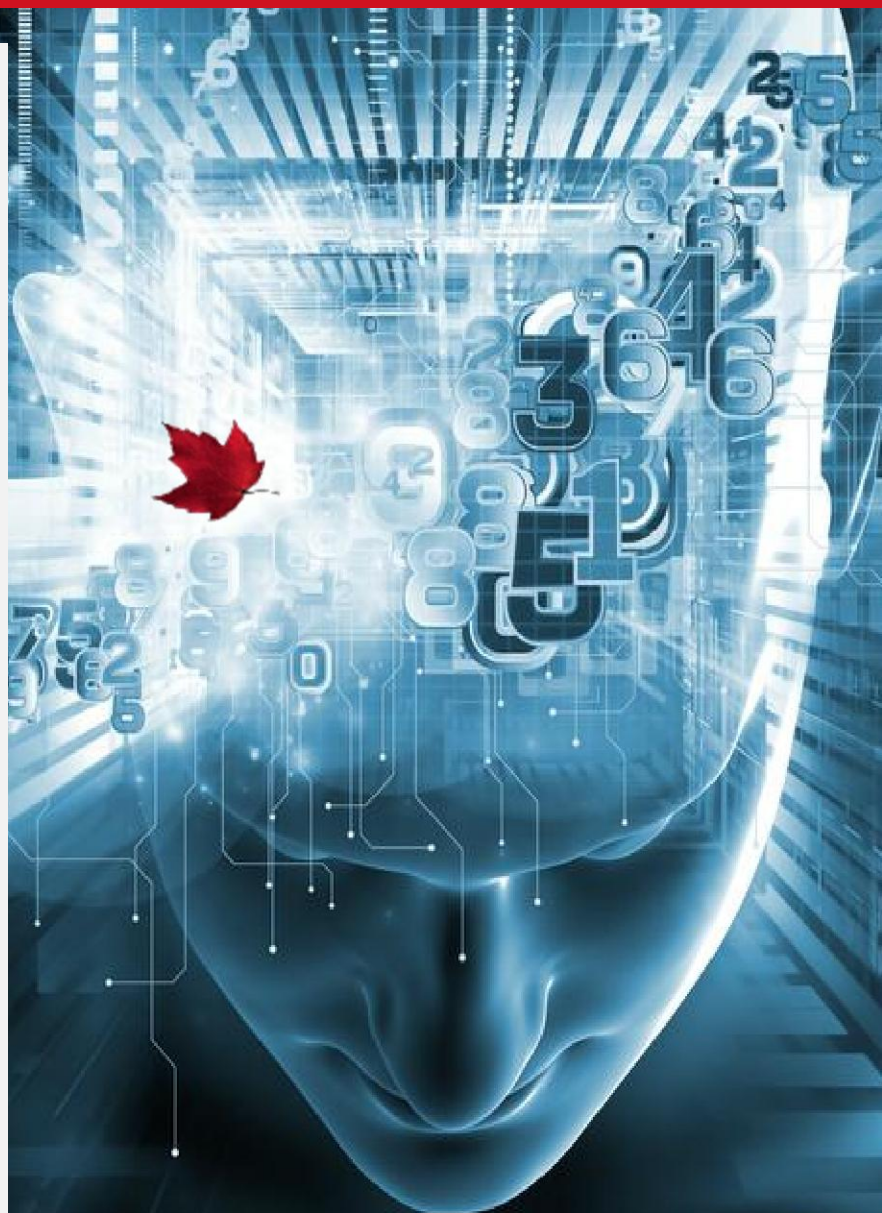
INVEST IN

CANADA

Canada

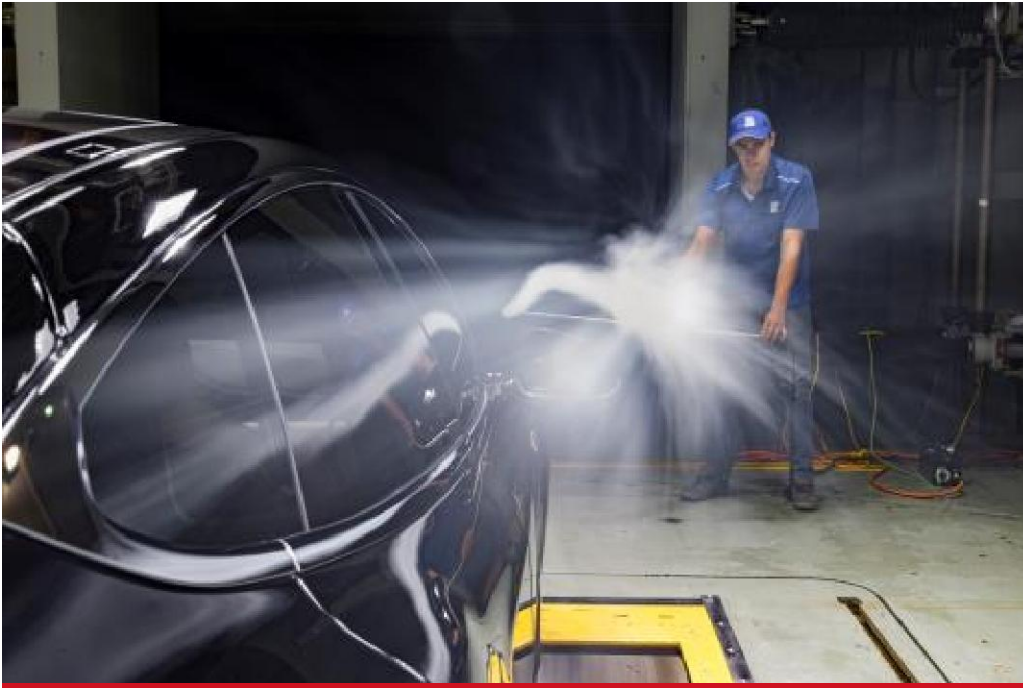
CANADA IS ACCELERATING INNOVATION FOR A BETTER FUTURE

- Canada's **Innovation and Skills Plan** embraces innovation to grow our economy and build an even more prosperous future
- The **Strategic Innovation Fund** will allocate \$1.26 billion across multiple industries
- The **Innovation Superclusters Initiative** is investing \$950 million to create innovation ecosystems in high growth sectors
- **Business Development Canada's** venture capital funds have leveraged more than \$1 billion
- **Incubators and accelerators** in Canada are booming. **Venture capital** investments **increased 16%** in 2016
- Canada is investing **\$2 billion in research infrastructure** for universities and colleges



- The **Pan-Canadian Artificial Intelligence Strategy** is investing \$125 million to promote collaboration between Canada's main centres of expertise and position Canada as a leading destination for companies to invest in AI
- Canada is investing more than **\$180 Billion in infrastructure** over ten years. The largest investment in its history
- **Export Development Canada** supports Canada's export trade by providing financing to international companies investing in Canada, and Canadian companies investing internationally
- The **Low Carbon Economy Fund** is investing \$2 billion to generate clean growth and reduce greenhouse gas emissions to meet Canada's commitments under the Paris Agreement

A HIGHLY SKILLED AND INNOVATIVE WORKFORCE



- Canada is a magnet for global talent, and has the best education system in the world, according to US News and World Report
- More Canadians have post-secondary education than any other OECD country
- Ontario is investing in STEM. It will increase the number of graduates to 50,000 each year, and is giving the University of Toronto's Vector Institute \$30 million to boost artificial intelligence graduates to 1,000
- Community colleges consult with industry to ensure that training aligns with employers current and future needs
- Canada ranks highest in the G-7 for availability of qualified engineers. There are 200,000 practicing engineers in Canada
- Canada's tech sector employs 864,000 people. Doing tech work in Canada saves money. It is less expensive here than anywhere else in the G7
- R&D centres are an important part of recent Canadian investments. GM expanded its base of engineers to 1000 in 2016, and Ford invested \$1.2 B in 2017, including a new R&D Centre

CANADA IS BUSINESS-FRIENDLY

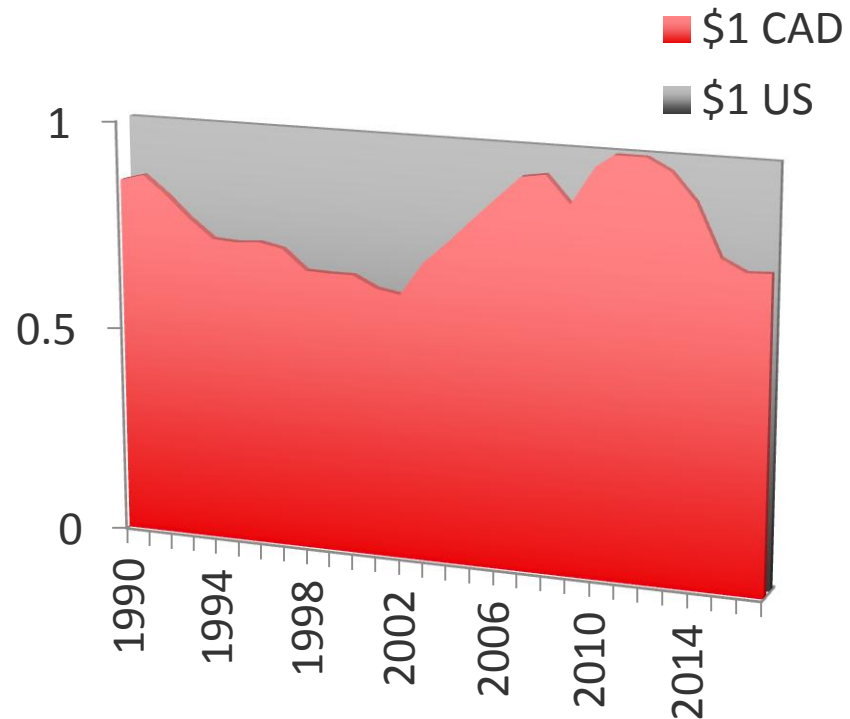


- Canada is the only country in the Americas to make the Top 10 in Forbes Best Countries for Business (2017)
- According to KPMG, business costs in Canada are lowest in the G7 (2016)
- Canada's long term GDP growth is best in the G7 and its' financial system is among the most sound in the world
- Canada's Total Effective Tax Rate is lowest in the G7 and the federal Corporate Income Tax Rate is more than 10% lower than in the U.S.
- In Canada, automakers achieve success in both unionized and non-unionized (Honda Toyota and Magna)workplaces, and OEMs have re-invested in both types of factories.
- Universal health care saves employers money. Health care costs in Canada can be less than half of what they are in the U.S

ENHANCED PURCHASING POWER

- The value of the Canadian dollar has been stable at an average of about 80¢ US for more than 25 years
- The lower dollar contributes to lower operating costs for employers
- Canada's economy has proven its resilience, supported by stable monetary policy and the federal government's fiscal measures
- Canada's Accelerated Capital Cost Allowance allows for greater tax planning on major equipment purchases

Canadian dollar (1990-2017)



Value of Canadian dollar on March 10 of each year

INTEGRATED INFRASTRUCTURE FOR CLEAN, INCLUSIVE GROWTH

- About 90% of the North American market is directly accessible from Canadian rail infrastructure
- A new six-lane bridge with customs processing areas for commercial trucks will ensure efficient movement between Windsor and Detroit (Opening 2020)
- Canada's ports save shipping time. The Port of Prince Rupert is more than 1000 km closer to Tokyo than the Port of Los Angeles



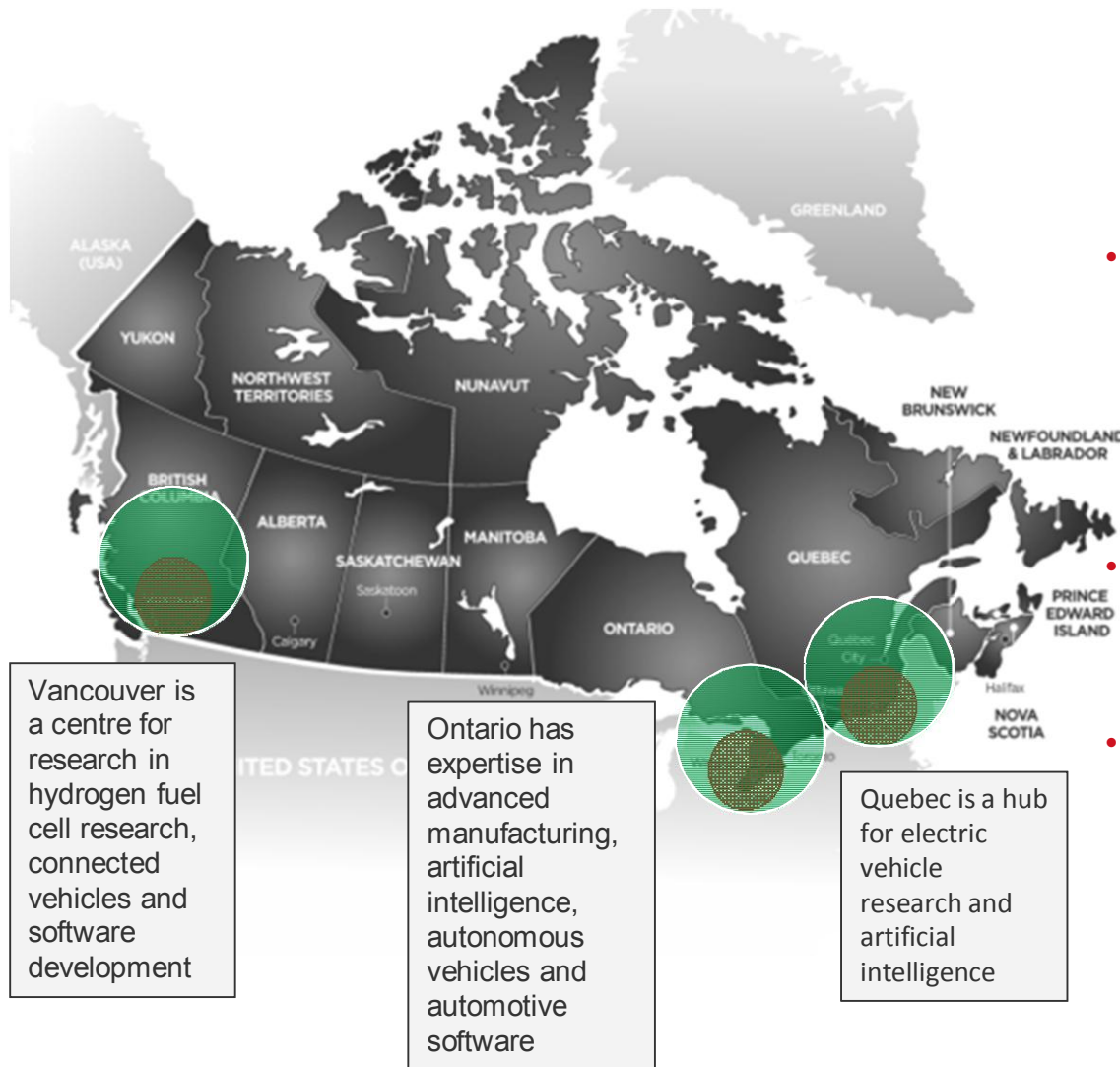
- Canada is rich in natural resources such as water required for green manufacturing, and is a major producer inputs including steel, aluminum lithium graphite and polymers
- Canada has green energy. Two-thirds of all electricity comes from renewable sources, owing largely to the country's extensive system of hydro-electric production, which produces 10% of all hydro-electric power on earth

JAPANESE OEMS ACHIEVE SUCCESS IN CANADA



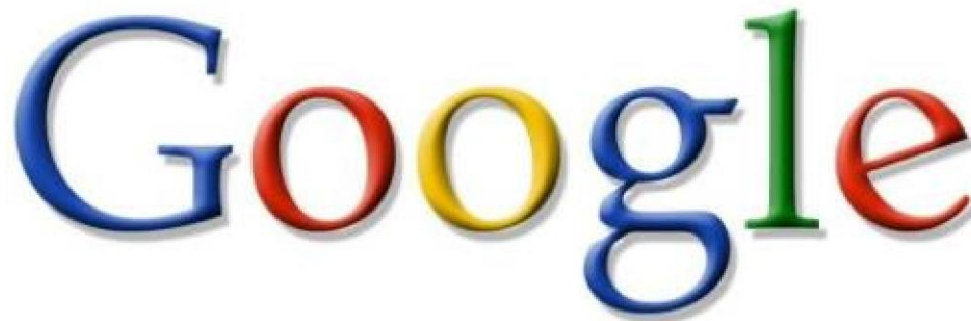
- Since opening assembly plants in Canada in the 1980s, Honda and Toyota have won 15 J.D. Power Initial Quality Awards. Both companies have made major re-investments in their Canadian operations
- Toyota Motor Manufacturing Canada in Cambridge, Ontario was the first assembly plant outside Japan to build Lexus vehicles
- Honda chose its Alliston, Ontario plant as the global lead for the Civic project. Manufacturing processes developed in Canada are used at Civic assembly plants around the world
- Canada's assembly plants have a track record of quality. Between 1990-2015, assembly plants in Ontario won 29 J.D. Power Initial Quality awards, nearly twice as many as any other jurisdiction

CHANGE IS GOOD



- The global automotive industry is changing, in Canada high tech and clean tech expertise overlaps with its established auto industry, creating a unique context to develop and build the cars of the future.
- Ontario is home to North America's second largest cluster of technology firms, after Silicon Valley, and Ontario's auto industry is among the top 10 in the world. More than 2 million cars are assembled there each year
- Canada is fully integrated into the Great Lakes Auto Manufacturing Cluster, North America's largest auto producing region
- Nearly 700 parts suppliers cater to every parts category, and homegrown giants like Magna International, Linamar and Martinrea are industry leaders

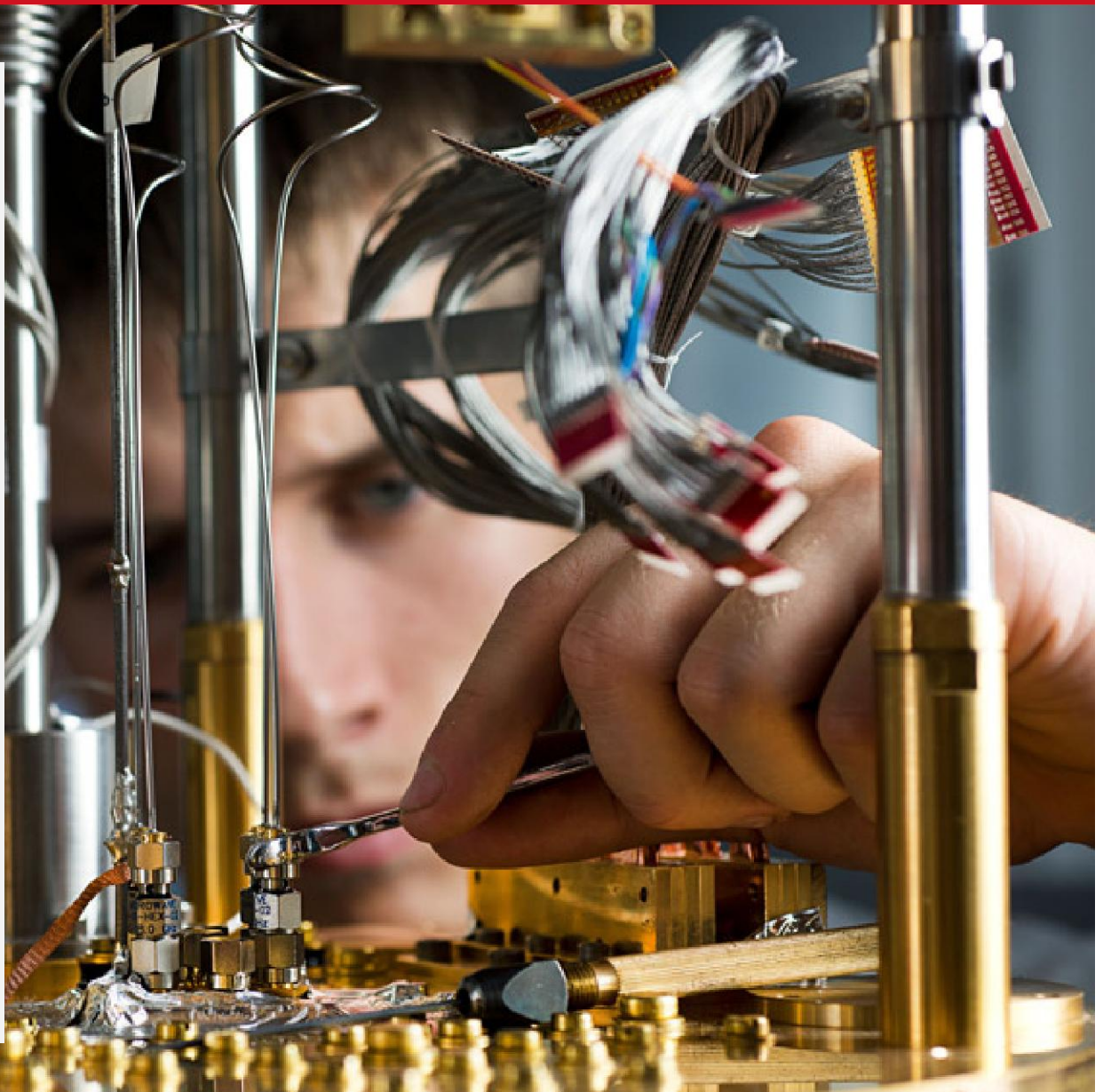
DEVELOPING THE CARS OF TOMORROW



- Canada's tech sector is a growing \$117 billion dollar industry with expertise in key automotive technologies such as machine learning, computer vision, cyber security and automotive software
- More than 50 million cars run industry-leading QNX software developed in Canada
- OEMs and tech giants such as Apple, Cisco Ford, GM, Google, Microsoft, Oracle, Tesla and Uber all have cutting-edge projects in Canada
- Several provinces allow autonomous vehicle testing on all public roads. In July 2017, North America's first cross-border autonomous vehicle test drove about 500 km between Windsor, Ontario and Traverse City, Michigan
- OEMs have announced re-investments of more than \$8 billion since 2011. A high quality workforce and cutting edge innovation make Canada the ideal place to build the car of the future

PARTNERSHIPS HERE ARE BUILDING THE FUTURE

- Toyota partners with Maplesoft and the University of Waterloo to customize software for batteries, engines, suspension and other components in hybrid electric vehicles
- Tesla Motors is partnering with Nova Scotia researcher Jeffrey Dahn to increase the energy density of lithium-ion batteries
- Canada's D-Wave is the world's first commercial quantum computing company. It partnered with Volkswagen to analyze data from 10,000 Beijing taxis, and optimize travel time in the Chinese capital. VW calls cooperation with D-Wave a "milestone on the way to the digital future of our group."
- Ford and Daimler have partnered to develop hydrogen fuel cells via the Automotive Fuel Cell Cooperation Corp in Burnaby, BC
- Volvo and Uber are partnering with machine learning and computer vision researchers at Toronto's Vector Institute to develop autonomous vehicles



INNOVATIVE BATTERY RESEARCH



- Canadian small and medium sized businesses specialize in battery charging, storage, manufacturing and testing
- Saskatchewan's Canadian Light Source is a leading synchrotron radiation facility that develops and analyzes battery and fuel cell materials. The facility probes the structure and electronic properties of electrode materials, electrolytes, catalysts, separators and additives. It builds innovative industrial partnerships, and offers analytical services that include advanced x-ray imaging, non-destructive testing, in-situ investigations, and bulk and surface investigations. It offers remote data collection anywhere in the world, as well as mail-in service
- Quebec is a leader in electric vehicle (EV) research. Hydro-Quebec's Research Institute (IREQ) is working on solid state battery technology with a 500 km vehicle range by 2021. Foreign companies recognize Quebec's expertise in EVs and are investing there. Switzerland's ABB recently invested \$90 Million in a new R&D campus
- Canada has a rich EV parts ecosystem. Chrysler assembles the Pacifica here, and suppliers like TM4 and Electrovaya have joined giants like Magna as EV suppliers

http://www.lightsource.ca/energy_storage.html

<http://www.hydroquebec.com/innovation/en/institut-recherche.html>

<http://www.abb.ca/cawp/seitp202/5f5068ebf20fedb485257ede005a3e17.aspx>

<https://www.dal.ca/diff/dahn.html>

<http://hybrid.mcmaster.ca/>

COMPETITIVE INVESTMENT INCENTIVES

- **The Scientific Research & Experimental Development Tax Incentive Program** encourages Canadian businesses to conduct R&D in Canada with more than \$3 billion in tax credits and deductions annually
- **Regional Development Agencies** across Canada provide regionally-tailored programs, services, knowledge and expertise. More information about this is available upon request.



- **Export Development Canada** provides financing to both greenfield and brownfield investments. Financing may be available to support Canadian and international operations
- A range of provincial incentives and programs are available as well. For example, **Ontario's Jobs and Prosperity Fund** provides grant and loan funding for projects in advanced industries, while **Investissement Quebec** works with investors to help them raise funding and other government incentives.

CANADA IS OPEN TO THE WORLD



- Canada's diversity is its strength, and we're making it even easier for global companies to get the talent they need working for them here
- The Global Skills Strategy makes it simple to bring employees from international operations to Canada for temporary work assignments
- It eliminates red tape by introducing a Short-Duration Work Permit Exemption that allows work for 30 days without a visa, per calendar year
- The program sets an ambitious two-week visa processing target for highly skilled workers

CANADA'S UNPARALLELED MARKET ACCESS CAN PROPEL YOUR GROWTH

- Canada has free trade agreements in place with major automotive markets. The North American Free Trade Agreement (NAFTA) has led to a fully integrated North American auto industry with parts suppliers and assembly plants in Canada, Mexico and the USA
- The Canada-European Union Comprehensive Economic and Trade Agreement (CETA) gives Canada preferential market access to the European Union. With CETA, Canada has free trade agreements with 43 countries with a total nominal GDP of more than \$40 trillion
- CETA eliminates tariffs on auto parts and light vehicles that are currently as high as 22%
- CETA eliminates tariffs on large vehicles such as road tractors, motor vehicles for passenger, motor vehicles for the delivery of goods, and fire fighting vehicles
- CETA improves labour mobility between Canada and the EU, and expands access to government procurement, including public transportation contracts



INVEST IN CANADA'S AUTOMOTIVE INDUSTRY

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