



## Canada - \$506.8 Million Investment in Linamar Plant, Guelph ON

Anya Yablonska  
Sonia Hukil  
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### Background

On January 13<sup>th</sup>, 2015 Linamar Corporation, Canada's second-largest auto parts manufacturer, announced \$506.8 million investment in its research and development facilities in Guelph, Ontario. The investment will intensify the long-term competitiveness of Linamar's Ontario operations. The investment is supported by financial funding from the Canadian government. Ontario will be contributing a \$50.25 million grant and Ottawa providing \$50.7 million as repayable loan to the Guelph plant. The contribution is funded from the \$250 million Automotive Innovation Program established in 2009. This investment opens many opportunities for U.S. suppliers.

The investment focuses on developing components for innovative fuel-efficient vehicles and power train parts that would capture an increasing share of the automotive market amid booming sales in the U.S. market. With this development, the Canadian government and Linamar plan to generate 1,200 new "high-quality" local jobs and secure more than 1,500 existing jobs at the Guelph facilities.

The investment will produce lighter, greener, more efficient automobile transmissions and vehicle components. The government's contribution will go towards producing new equipment's and funding research and development of new products.

### Recent Developments

The Canadian government established an Automotive Innovation Program to provide \$250 million over five years to automotive firms in 2009. On January 4, 2013, the Government of Canada announced that it will extend the automotive innovation program for another five years with another repayable contribution of \$250 million to support continued innovative development in the auto industry.

The Canadian government also used the funding from the Automotive Innovation Program in 2013 to invest \$70 (C\$71.6) million to Ford's Oakville Ontario Assembly plant.

### Sector Insight

Canada represents the second largest automotive market in North America. It is a global automotive hub with 450 companies and 1,250 facilities, and an annual revenue of \$84.7 billion generated in 2013. Automotive products are an important export for Canada. A new record was reached with \$1.85 billion light vehicles sold in Canada during 2014, an increase of 6% since 2013.

Canadian imports of vehicles (cars, light and heavy duty trucks) totaled US\$41.1 billion in 2014, an increase of 3% from 2013. The production of light vehicles decreased by 5% in 2014. However, the oil price impact and consumer spending availabilities is expected to drive further sales with the probable exception of Alberta, where the local economy is heavily dependent on oil sands production, and is hit hard by low oil prices.

## Opportunities for US Companies

The new investment will provide American companies with opportunities to supply advanced technology products, equipment's, and installations for the automotive industry manufacturing processes. American manufacturers may have a business opportunity to supply their products to Linamar, and to Linamar supply chain affected by this investment. Additional opportunities may be for American companies in contributing to satisfy the needs of the increased research and development program generated by this investment.

## Sources

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### PR News Wire

<http://www.prnewswire.com/news-releases/linamar-invests-500-million-in-ontario-canada-300020074.html>

## For More Information

The U.S. Commercial Service in Toronto, Canada can be contacted via e-mail at: [Stefan.Popescu@trade.gov](mailto:Stefan.Popescu@trade.gov); Phone: 1-416-595-5412 ext 223; Fax: 1-416-595-5419; or visit our website: [www.BuyUSA.gov/Canada](http://www.BuyUSA.gov/Canada).

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