



Canada - \$560 Million Investment in CAMI Assembly Plant, Ingersoll ON

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Background

On February 12, 2015 General Motors announced a \$560 million investment in its Canadian manufacturing for its assembly plant in Ingersoll, Ontario. The investment will enhance the long-term competitiveness of General Motors operations by continuing to manufacture the next generation Chevrolet, Equinox and GM Terrain crossover utility vehicles. The major investment is made without the support of a financial funding from the federal and Ontario governments. The \$560 million investment includes \$190 million in direct equipment spending at the plant and \$370 million on vendor tooling. This investment opens many opportunities for U.S. suppliers.

The investment focuses on securing high competitiveness at Cami, which opened in 1989, and is one of the most productive assembly plants in GM's North American network. It accounts for nearly one-third of Canada's automotive production. The investment comes amid booming markets for GM in both the United States and Canada. The Chevrolet Equinox, a mid-sized crossover, was the second best-selling vehicle in the GM lineup last month in the U.S. market. Cami produced 312,198 Equinoxes and Terrains, an increase of 1% from 307,935 in 2013.

GM is evaluating the future of two other plants in Oshawa, Ontario, with no new products allocated to them. President Stephen Carlisle of GM Canada said that they are undertaking a costs study to determine whether new vehicles will be allocated to Oshawa plants. No decision on future products for Oshawa will be made until late 2016.

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 announcement by GM is followed by a 2013 investment of \$250 million in new equipment at the assembly plant in Ingersoll.

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 the 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 business opportunities to supply equipment's to GM, and tooling for GM and its vendors.

In 2014, sales hit a record 1.8 million vehicles in Canada and analysts forecast that U.S. sales will be as high as 17 million for the first time this year since the economic downturn in 2009.

Sources

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For More Information

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