

Unleashing Ontario

ONE IN A SERIES OUTLINING THE BENEFITS OF LOCATING IN ONTARIO

WINTER 2022

Driving Prosperity – Shifting Gears

Along the 800-km (500-mile) corridor that stretches from Detroit to Ottawa lies the richest concentration of auto-related resources anywhere in the world. Ontario is the only subnational jurisdiction with five OEMs and ranks second only to Michigan for North American vehicle production. (Of interest: If Ontario was in Europe, we would rank 3rd in auto production after Germany and Spain, ahead of France, Italy, and the U.K.).

Ontario is home to a unique ecosystem of world-leading vehicle assemblers, robust and resilient supply chain, and research centres that have been meeting the needs of international customers for more than 100 years.

With the 2nd largest tech cluster in North America, and a renowned engineering talent pool, the expertise of Ontario's automotive cluster spans from proof-of-concept prototyping, to production line automation systems, to global logistics tracking software. Breakthrough technologies from Ontario research labs and innovators are shaping the future of connected-car technologies, driverless vehicles, and electric vehicle (EV) production.

The recent streak of investment announcements in EV development and production in the province makes it clear – Ontario is open for business.



GM has invested \$1.3B to resume pickup truck production in Oshawa, with the first Chevrolet Silverado already rolling off the assembly line.

The next chapter

We know the future of automotive is moving towards the next generation of vehicle technology – and we have the expertise to build these technologies. It's one reason our auto industry has gained notoriety, and why so many automotive leaders are interested in growing or re-tooling their operations in Ontario.

Over the past year, we have seen massive investments announced by industry leaders in Ontario's EV sector.

Ford has solidified their commitment to Ontario by announcing \$1.8 billion to produce battery EVs at its Oakville assembly complex. This investment includes the production of five new electric vehicle models.

Stellantis also announced it will invest \$1.5 billion over three years to upgrade its assembly plant in Windsor to build electric vehicles.

GM announced it would invest \$1.4 billion in its plant in Ingersoll to produce their BrightDrop EV delivery van; the first all-electric vehicle produced by a mainstream automaker in Canada.

They will join the ranks of green transportation innovators right here in Ontario, including Tesla, which is investing in their battery manufacturing R&D facility in Markham.

GM also announced a \$1.4 billion investment to resume pickup truck production in Oshawa, with the next-generation Chevrolet Silverado and GMC Sierra.

These investments follow Toyota's \$1.4 billion upgrade to their Cambridge and Woodstock facilities that will establish Ontario as their manufacturing hub for its best-selling Rav4 crossover, and to bring Lexus NX production here. And Honda, which started building cars in Alliston in 1988, continues to produce their CR-V SUV and the Civic; Canada's best-selling car for the past 23 years.



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In addition to securing new OEM production mandates, we will use our critical mass to drive the industry's transition and growth, including becoming a significant player in EV battery manufacturing, and exporting more Ontario-made auto parts and innovations. The province supports the transformation of the supply chain and the creation of a domestic



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battery ecosystem, including research and commercialization.

And, the future of intelligent transportation is being built in Ontario today. With expertise in artificial intelligence, connectivity, cybersecurity, and quantum computing, more than 300 companies are now actively involved in connected and autonomous vehicle development. GM, Ford, BlackBerry QNX, Renesas, and others have made over \$1 billion in connected and autonomous investments in Ontario.

Why Ontario?

The recent boom of investments in the province shows that Ontario has the necessary components and competitive environment needed for EV development. Through lowering taxes, reducing electricity costs, and cutting red tape, our government **reduced the cost of doing business in Ontario by \$7 billion a year.**

Combined Ontario and Canada R&D tax credits can drive down R&D costs by 40-50%. And Ontario has a 27.8% R&D tax cost advantage relative to the U.S.

Ontario benefits significantly from being in the heart of one of North America's manufacturing hubs. We are the gateway to global markets with easy access to the rest of the world by road, rail, and air. Only a day's drive to 30 automotive assembly plants, Ontario's major highways connect to 14 U.S. border crossings. Our internationally connected railway system joins with 42 intermodal terminals. And we are home to four international airports, including the largest in all of Canada.

More than that, Ontario's global reach is supported by Canada's free trade agreements with more than 50 foreign markets. Ontario offers seamless trade

with our neighbors to the south, Europe, and Asia Pacific. These relationships (including for electric vehicles and EV battery components) mean businesses can lower their capital expenditures and source equipment globally, from Ontario.

For instance, NAFTA 2.0 new Rules of Origin requires companies to re-adjust their supply chains to meet more stringent North American value requirements. This creates opportunities to attract new investment.

Under CETA, EVs, batteries, and battery components can be exported from Ontario tariff-free to the European Union, the world's largest EV market after China. Whereas U.S.-made EVs and batteries are subject to tariffs of 10% and 2.7% respectively.

Thanks to CPTPP, Ontario-made battery and electric powertrain components can be exported tariff-free to 10 Asia-Pacific countries, allowing for a frictionless global supply chain. All of these are examples of the trade advantages that come with locating in Ontario.

But perhaps the most crucial advantage of our location comes from our mining industry. Canada is the only country in the Western Hemisphere with all the raw materials required for a lithium-ion battery, with Northern Ontario producing graphite, cobalt, lithium, nickel, and other required minerals.

The aptly named town of Cobalt is home to North America's only permitted cobalt refinery, and Canada is the number one producer of nickel in North America, with approximately 40% of all nickel coming from Ontario. Our mines and refineries have been key suppliers of Class-1 nickel for decades.

We are also home to the world's first all-electric, battery-powered underground mine, eliminating greenhouse gas emissions associated with moving materials. As a result, companies can be assured that our mining practices, EV or otherwise, are among the most ethical on the planet.

And as the number one cleantech cluster in the country, we understand sustainability. Ontario boasts 94% emissions-free electricity, providing a key factor in helping companies meet their sustainability goals. As Ontario does not generate any electricity from burning coal, we offer the cleanest energy mix of any auto jurisdiction in North America. Ontario firms have options to further increase their use of emissions-free electricity, including power purchase agreements, behind-the-meter generation, and contracts with green electricity retailers.

By the numbers

2nd largest automotive manufacturer in North America

5 global OEMs assembling vehicles

24 automotive skilled trades programs

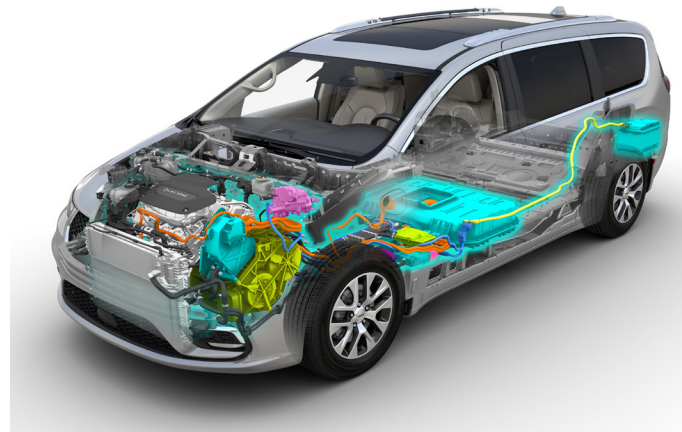
34 awards from J.D. Power, including #1 rated auto plant in the world

300+ companies work in connected and autonomous development and smart mobility

500+ tool, die, and mold companies

700+ parts suppliers

100,000+ employees



Stellantis announced it will invest up to \$1.5B to upgrade its assembly plant in Windsor to build new electrified vehicles.

A unique talent pool

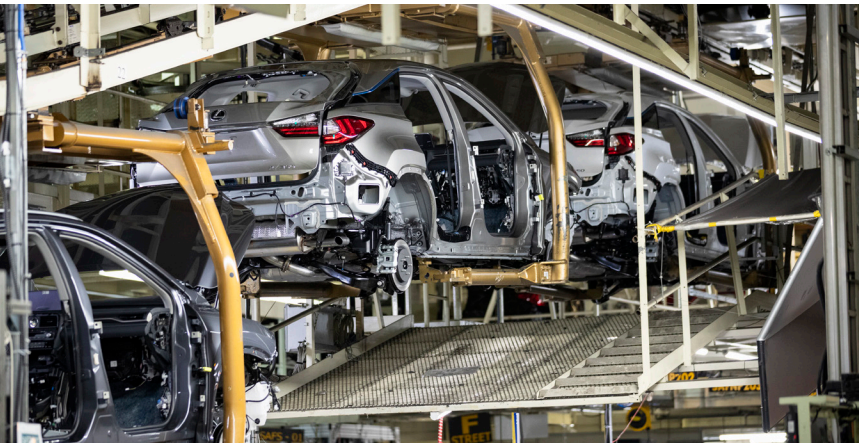
If Ontario is known for doing one thing exceptionally well, it's producing the best and the brightest talent.

Ontario is where cutting-edge thinking is powered by a dynamic ecosystem of R&D. We are the second-largest IT cluster in North America and are supported by a tech workforce of over 320,000 employees with expertise in artificial intelligence and machine learning.

We're also home to dozens of world-class research institutes. With 12 leading universities and 24 colleges with auto-focused programs, Ontario's culture of innovation provides a long-term, stable foundation for EV production and enhancement.

Our Global Skills Strategy provides faster access to top global talent for companies bringing new skills to Canada. And through the Global Talent Stream, employers can receive work permits in 10 business days.

Each of these accolades, coupled with a growing pool of specialized talent in electrical and chemical engineering and materials science, make Ontario a natural choice when it comes to EV investment.



Toyota invested \$1.4B to upgrade their Cambridge and Woodstock facilities as their manufacturing hub for its best-selling Rav4 crossover and Lexus NX.

A supportive environment

Our government supports companies looking to invest in Ontario's EV ecosystem. The province has several incentives that make us an attractive destination for companies to locate their EV business.

Our new investment attraction agency, Invest Ontario, was created specifically to nurture investment and help businesses grow. Invest Ontario will move at the speed of business and will give companies the expertise they need to thrive in the province. Part of the agency's offerings is a \$400-million fund to encourage investments in the advanced manufacturing sector, such as investment in EV-related technologies.

We have also committed \$56.4 million to the Ontario Vehicle Innovation Network (OVIN) to

accelerate electric driving development in the province. Plus, our government is supportive of the Net Zero Accelerator Fund, an \$8-billion federal program to expedite clean energy projects, including battery cell facilities.

To help companies compete globally, the province will first help them to innovate locally. An expanded Ontario Automotive Modernization Program (O-AMP) will assist SMEs in the creation, design, production, and adoption of new products and services in the auto sector. O-AMP will help them upgrade outdated equipment and adopt new tools and technologies to innovate their product lines and modernize their processes to become more competitive within a rapidly transforming automotive supply chain.

Through the province's Job Site Challenge, our government is developing an inventory of mega sites that can support large-scale manufacturing operations, like those needed to develop EV automobiles and technology. These sites are endorsed by an internationally recognized site selector and are serviceable by utilities, transportation, and other infrastructure.

We will partner with companies throughout the site selection process, from site search, evaluation, and permits coordination, to ensure the most suitable site is found, and to support your pathway to operations in Ontario.

Launching Phase 2 of our Driving Prosperity plan will help support the automotive industry with programs that facilitate technology, accelerate the development of electric, connected and autonomous driving technologies, and provide experiential learning opportunities.

These commitments to excellence, our talented workforce, prime location, raw materials, and history of quality make Ontario the choice to build and export the next generation of green automotive technology. If you're not already tapping into our EV ecosystem, now is the best time to connect with us and invest in Ontario.

Unleashing Ontario is an official economic development newsletter from the Ontario Minister of Economic Development, Job Creation and Trade.

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