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Ontario's Tool, Die and Mould Sector Retooling for Success

Ontario's manufacturers employ over one million people, making everything from cars to cardboard. All of them rely on the province's tool, die and mould (TDM) industry to give them the tools, dies, and moulds they need to make their products.

The foundation of the province's manufacturing base, the TDM industry faces challenges, in many cases stemming from a global restructuring in manufacturing. These include increased competition, especially from low-cost jurisdictions, and a decline in new business opportunities from key industries like automotive. There is the need to invest in new equipment, technology and skilled workers to remain competitive.

The Ontario government is working with the TDM industry on several fronts to ensure this essential industry continues to remain competitive.

The recently fine-tuned Advanced Manufacturing Investment Strategy (AMIS) is helping the TDM industry meet those challenges. Launched in December 2005, AMIS is a \$500 million program designed to encourage companies to invest in leading-edge technologies and processes. The strategy focuses on innovation, use of advanced technology or materials, research and development, waste reduction and energy conservation. The repayable loans, which are interest-free for up to five years, cover up to 10 per cent of eligible projects costs to a maximum of \$10 million per project.

"We recognize that TDM companies are often smaller operations," said Pupatello. "That's one of the reasons we retooled AMIS, to open the program up to even more companies. We've reduced project thresholds to either 100 jobs created/retained or \$25 million invested, from 150 jobs and \$50 million. We are very interested in further partnerships with Ontario's TDM companies through the AMIS program."

The government is also working on opportunities that will help the industry find new markets and diversify. Recently, the government led Ontario's third business mission to Alberta to explore opportunities in its booming energy sector. Tooling companies were well represented within the delegation.

Ontario's highly successful Automotive Investment Strategy is also expected to lead to new contracts within the tooling industry.

Employment in the tooling industry is expected to increase faster than the average for all occupations

through the year 2009. Finding skilled workers could be a challenge for this industry. Community colleges like Centennial, St. Clair, Fanshawe and Conestoga play an important role in meeting industry needs.

And the government has introduced initiatives to increase access to apprenticeship training, including a 25 to 30 per cent refundable Apprenticeship Training Tax Credit (includes tool, die and mould-related trades) and a \$100 million annual funding commitment to create 26,000 new apprenticeships by 2007-08.

Recently the government met with members of the TDM industry to explore issues facing the industry and identify solutions. Working together through partnerships with government, industry and academia, Ontario's TDM industry will remain competitive and experience a solid, long-term future.

Ontario Is Canada's TDM Backbone

- Ontario is home to 90 per cent of Canada's TDM industry.
- Most companies are small, privately owned job shops, with fewer than 50 employees and sales of less than \$20 million.
- The majority of firms are located in Toronto, Windsor and Kitchener-Waterloo/Cambridge.
- Tooling is custom-made, and prices can range from \$50,000 to over \$500,000 for a single tool or mould. TDM shops founded by entrepreneurs have served as the foundation for several major corporations, including Magna International Inc., Linamar Corporation, Husky Injection Molding Systems Ltd., Valiant Corporation and MoldMasters Inc.
- The auto industry accounts for about 60 per cent of sales, with most of the balance going to the packaging, aerospace and construction sectors.

Leaders Discuss Long-Range Strategy for TDM Industry



Ontario's economy is linked to the success of its manufacturing sectors. The TDM industry underpins the manufacturing base, and the Ontario government sees its continuing strength as a priority.

The tooling industry designs, manufactures, services and repairs the tools, dies, moulds, jigs and fixtures that Ontario manufacturers depend upon to make their products.

While Ontario tool, die and mould makers face challenges, the industry appears buoyant. An indication of this is a recent survey by the International Special Tooling and Machinery Associates, which reported that 94 per cent of United States tooling companies are experiencing fair to excellent business conditions. Better still, only eight per cent of companies surveyed expect to see their business dip in the next six months.

Recently, Economic Development and Trade Minister Sandra Pupatello met with leaders of the tooling industry to explore how to ensure the continued prosperity and strength of the sector. Roundtable discussions were held in Windsor and Brantford, and focused on strategies to increase innovation and global competitiveness and support new investment and protect jobs.

"The government is working on several fronts to assist the tooling industry," said Pupatello. "Our goal is to explore the role these existing initiatives can play within an overall, long-term industry strategy."

Participants discussed challenges facing the industry, including increased competition from low-cost jurisdictions like China, a shortage of skilled workers, and the need to break into new markets.

The government will continue to meet and work with the TDM industry as it moves forward.

Advanced Manufacturing Investment Strategy Round Four – **Keeping Industry at the Leading Edge**



Minister Papatello meets with FAG Aerospace workers. The government's investment will support the creation or retention of 438 jobs. The Minister is holding one of the precision bearings manufactured at the company's Stratford facility.

The government has announced that it is accepting proposals for the fourth round of Ontario's successful Advanced Manufacturing Investment Strategy (AMIS).

Manufacturing underpins the provincial economy and employs about one million people, representing some 16 per cent of Ontario's total employment. In fact, among North American jurisdictions, Ontario is the second largest manufacturing employer, only California has more manufacturing employees.

And while the province is one of North America's manufacturing powerhouses, in recent years the industry has come under increasing pressure from low-cost jurisdictions like China and India.

AMIS is designed to help Ontario manufacturers remain competitive. The program is open to all manufacturing sectors and focuses on innovation, use of advanced technology or materials, research and development, environmental improvement and energy conservation.

The submission deadline for proposals is August 30, 2007. For eligibility requirements and an application package, visit www.ontariocanada.com (click on Programs and Services link).

The projects announced so far under this strategy will generate nearly \$394 million in new investments and support the creation or retention of about 3,000 jobs, over a five-year period. They are:

Skyjack Inc., Guelph (May 14, 2007) – Creation of a Centre of Excellence to facilitate Industrial research and development, prototyping, testing and commercialization of new aerial work platforms and materials handling equipment.

Roxul Inc., Milton (March 15, 2007) – Plant expansion and development of new commercial, industrial and residential insulation products that use recycled scrap material from the steel and construction industries.

Koolatron Corporation, Brantford (March 7, 2007) – Development of new products, including a large mobile cooler and cordless mosquito trap, using energy-efficient thermoelectric power.

Flakeboard Company, Sault Ste. Marie (March 1, 2007) – Development of new manufacturing processes and commercial applications for wood-alternative materials used in kitchen cabinets and furniture.

FAG Aerospace Inc., Stratford (February 20, 2007) – Capacity expansion project to enhance the manufacture of precision bearings for the aerospace industry.

Diamond Aircraft Industries, London (June 23, 2006) – Development of a single-engine, five-seat jet aircraft.

Procter & Gamble Inc., Brockville (June 23, 2006) – Development of a new generation of quick-cleaning homecare products.



Minister Sandra Papatello and MPP Dave Levac tour the Koolatron Corporation, Brantford with its president, Mr. Arun Kulkarni. Here they are shown one of the company's product lines, a cooler that will be developed with support from the AMIS program.

Green Technology

Key to Future of Ontario's Economy

Premier Dalton McGuinty recently unveiled the Next Generation Jobs Fund, which will make \$650 million available to companies looking to invest in the development of clean cars, clean fuels, and clean technologies and products in Ontario. This is good news for Ontario's tool and dye industry.

The Next Generation Jobs Fund will support environmental advances in all areas of the economy, including advanced manufacturing, energy production, forestry and agriculture. The fund is modeled after the government's successful Ontario Automotive Strategy that helped leverage more than \$7 billion in total new automotive investments and anchored thousands of high-value jobs. A number of these investments have directly supported companies in the tooling sector.

It's a five-year, \$650 million strategy to stimulate economic growth and prosperity in Ontario while helping to reduce greenhouse gas emissions and improve environmental sustainability. The fund will invest in:

- The manufacturing of green cars and auto parts
- The development of clean fuels
- The creation of clean technologies and products.

The fund will provide flexible arrangements that allow for grants, loans, forgivable interest loans, infrastructure building, research and training programs. Investment packages will be strategically tailored. For those interested in bidding for financial support, you must demonstrate that you can:

- Secure jobs for Ontarians
- Reduce greenhouse gas emissions
- Help establish Ontario as a global leader in an emerging market
- Build on existing expertise in areas in which Ontario has a strong research and commercialization base, or create new expertise
- Create synergies among researchers, business people and entrepreneur.

Ontario is a leader in green technologies and the McGuinty government's \$650 million Next Generation Jobs Fund will ensure Ontario keeps ahead of its competitors in the areas of greenhouse gas reductions, energy efficiency and green technologies.

Raising Ontario's International Profile

The Ontario government recognizes that to compete and succeed in the global economy, the province has to actively promote Ontario's strengths internationally to attract jobs, as well as direct foreign investment and provide opportunities for Ontario businesses abroad. Through the Ministry of Economic Development and Trade (MEDT), the government has developed an aggressive strategy to expand our presence internationally and increase the rate of investment into Ontario.

One of the key initiatives in this strategy has been the establishment of International Marketing Centres (IMCs), strategically located around the world. Their mandate includes raising Ontario's profile abroad, supporting investment attraction and promoting of exports, and building media and government relations in support of economic objectives.

At the end of 2007, 10 IMCs will be in operation at New Delhi, Tokyo, London, Los Angeles, Beijing, Paris, Mexico City, New York, Shanghai and Munich. Unlike other provinces, Ontario has co-located within Canadian embassies and consulates, resulting in efficiency and cost-effectiveness.

Each centre has one Ontario-based senior official and one locally engaged staff who can also help Ontario businesses break into and become successful in more new markets.

Ontario needs an on-the-ground international presence to better compete for investment and to better promote Ontario goods, services and technologies abroad, said Sandra Pupatello, Minister of Economic Development and Trade. "These offices allow us to build and strengthen our connections and partnerships within those markets."

Recently, Minister Pupatello was in Los Angeles to officially open the IMC there. Premier Dalton McGuinty and the Minister recognize the importance of promoting Ontario abroad. Premier McGuinty has led groundbreaking business missions to China – and recently in India and Pakistan. Ontario delegation members signed 42 agreements with like-minded organizations in India and Pakistan. Creating relationships between Ontario's leaders and foreign governments and business leaders helps strengthen the province's economic position around the globe and produces tangible results for Ontario businesses.

MEDT also carries out an international program of targeted investment advertising, international media relations, and direct marketing called Invest Ontario. Invest Ontario keeps Ontario front and centre with international business decision makers.

Through these measures, the government is creating more opportunities for Ontario businesses and entrepreneurs, and attracting new investments that will bring greater prosperity for all Ontarians.

To find out more about the International Marketing Centres, please contact:

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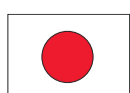
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Ontario Government Provides Broad Support to Ontario's Manufacturing Sectors

Enhancing Growth in Ontario's Manufacturing Sectors

The composition of Ontario's economy and employment continues to evolve, responding to changes in technology and global competition, and reflecting long-term trends similar to other developed economies. The economy shows resilience despite the challenges presented by the continued strength of the dollar and high energy prices. Ontario's real gross domestic product (GDP) grew by 1.9 per cent in 2006, following increases of 2.8 per cent in 2005 and 3.2 per cent in 2004.

The government appreciates the challenges that manufacturers face and understands how difficult it has been for employees facing job loss or uncertainty. In response, it is providing support to affected workers, including retraining, job search assistance and vocational counselling. The government has also undertaken strategic initiatives to help the economy in its transition to higher value-added production, higher-paying jobs and increased competition:

- **Next Generation Jobs Fund**, A new \$650 million fund will be made available to companies looking to invest in the development of clean cars, clean fuels, and clean technologies and products in Ontario
- The province's auto sector investments, including those through **Ontario's Automotive Investment Strategy**, have attracted over \$7 billion in total new investments supporting skilled, high-paying jobs
- The **Advanced Manufacturing Investment Strategy** launched in 2005 has created over \$370 million and about 3,000 jobs

For more information on these programs, visit www.ontariocanada.com.

Investment in Education and Skills

Ontario recognizes that one of the most important investments a government can make is in its people. Seventy per cent of all new jobs require some form of postsecondary education or training. Creating a skilled, adaptable workforce will better meet job requirements and keep Ontario industries competitive.

Reaching Higher

Under the Reaching Higher plan, a historic \$6.2 billion multi-year investment to enhance the accessibility, quality and accountability of postsecondary education in Ontario, the government is:

- Enrolling 86,000 more students in college and university compared to 2002–03, a 22 per cent increase
- Providing an additional \$390 million to postsecondary institutions for more classroom space, higher enrolments and more training
- Providing \$540 million to renew university and college facilities and buy new equipment
- Committing \$550 million to create 14,000 new spaces in graduate programs across Ontario
- Investing \$25 million in 2007–08 for union-employer training centres.

Apprenticeship

In addition to its investment in the Reaching Higher plan, the government has a number of apprenticeship programs: Apprenticeship Scholarships, Apprenticeship Training, Co-op Diploma Apprenticeship Program and Ontario Youth Apprenticeship Program (OYAP). These programs are designed so Ontario workers have the necessary skills and employers have the workers needed to ensure Ontario remains prosperous and competitive in a global economy.

These apprenticeship programs encourage employers to invest in skills development, increase new apprenticeship registration to 26,000 in 2007–08, and to expand academic upgrading options for those who left high school early.

For more information on these programs, please visit www.edu.gov.on.ca.

Supportive Tax Framework

To foster economic development in the province, the government has implemented a number of taxation initiatives, including:

- A \$540 million plan to cut high business education tax rates
- A five per cent rate cut in Ontario's capital tax, beginning in 2007
- A legislated schedule to accelerate the elimination of the capital tax to July 1, 2010
- A doubling of the non-capital loss carry-forward period from 10 to 20 years
- A corporate income tax (CIT) rate that is two percentage points below the general CIT rate
- A 25 per cent refundable tax credit for hiring apprentices; 30 per cent for small businesses
- Corporate tax incentives for R&D, including a proposed 4.5 per cent non-refundable tax credit for taxation years ending after 2008
- Accelerated capital cost allowance (CCA) rate for manufacturing and processing machinery and equipment on assets acquired after March 18, 2007 and before 2009. This is estimated to provide more than \$400 million in additional tax relief to businesses over the next three years
- A retail sales tax exemption for production machinery and equipment, reinforced concrete used to make production machinery and equipment, and materials incorporated into goods for sale
- To help reduce tax compliance costs for businesses, Ontario and the federal government have signed an agreement transferring the administration of certain Ontario corporate taxes to Canada Revenue Agency, effective for taxation years ending after 2008.

For more information on Ontario's supportive taxation initiatives, please visit www.rev.gov.on.ca.

The Ontario government is ensuring that the province has a strong economic foundation that supports innovation and enterprise in the manufacturing sectors, creates high-value jobs and an economy that is both prosperous and sustainable.

Building the Labour Force of the Future

After California, Ontario has the second highest number of manufacturing employees of any jurisdiction in North America. Since productive employees are the key to any successful manufacturing venture, the Ontario government is ensuring a steady supply of skilled labour by:

- Investing \$53 million annually in ESL/FSL second language classes
- Implementing a pilot program to nominate individuals for permanent residence, based on labour-market priorities
- Investing over \$50 million in 90 innovative bridge-training programs
- Providing \$100 million in annual funding to produce 26,000 new registered apprentices by 2007–08
- Allocating \$4.5 million for 1,500 scholarships of \$1,000 each and employer signing bonuses of \$2,000 to help at-risk youth enter apprenticeships

Minister's Alberta Missions Promote ***EAST-WEST Partnerships***



Last fall when Brad Stubbe learned about the upcoming Ontario trade mission to Alberta, he didn't have to think twice about going.

"We'd had some contracts from Alberta firms," says Stubbe, general manager of Bell-Camp Manufacturing (www.bellcampinc.com). "This seemed like an excellent opportunity to build more business in Alberta's white-hot market."

The Ingersoll-based company, which specializes in carbon steel and specialty metals for the mining and construction industries, participated in the trade mission in November along with 26 other manufacturing companies. It was such a positive experience, Bell-Camp went back again in March to the National Buyer Seller Forum in Edmonton as part of another delegation of more than 200 Ontario manufacturers.

Both missions were led by Economic Development and Trade Minister Sandra Pupatello, who also visited Alberta in February to meet with energy sector executives and Alberta government officials to press the case for Ontario manufacturers.

"Ontario accounts for almost half of Canada's manufacturing base and is a leader in innovation and advanced technologies," says Pupatello. "This makes Ontario the natural choice for Alberta companies looking to expand their supply chain."

With Alberta oil sands projects alone expected to generate capital projects worth more than \$100 billion by 2020, energy sector suppliers are seeking additional manufacturing capacity outside the province.

"Ontario firms specializing in metal products, industrial machinery and equipment, and engineering and construction can help meet the demands of Alberta energy sector suppliers," says Pupatello.

Stubbe agrees. "Companies like ours have the products and skills Alberta needs."

In fact, Bell-Camp, whose business is booming, is confident it will get a substantial amount of new business from companies operating in Alberta.

"We've just recently completed an expansion of our facility, hired 14 new staff and are fully booked into the fall," says Stubbe.

And Bell-Camp is not alone. Many of the companies that participated in the trade missions are starting to see results, which is music to the Minister's ears.

"These missions were focused on creating new opportunities for Ontario manufacturers," she says, pointing out that, while helping to meet the demands of the oil sands projects, east-west partnerships offer distinct advantages.

No international borders means less paperwork and uncertainty. A common currency removes exchange rate risk from long-term supply agreements. A reliable transportation network supports timely deliveries. And a shared language, business culture and legal system minimizes the risk of complications and misunderstandings.

The oil sands initiative is part of the government's overall plan for jobs and prosperity that includes the Ontario Automotive Investment Strategy, the Advanced Manufacturing Investment Strategy, expansion of the province's International Marketing Centres, as well as investments in infrastructure, post-secondary education, stable energy supply, research and innovation.