After the perfect Storm: Competitive Forces Shaping the Auto Industry

Supporting the (Canadian) Supply Base

Jim Brockbank, VP Transportation

Presentation to Chicago Federal Reserve Board Auto Sector Conference

May 10-11, 2010 Detroit Branch
Outline

- About EDC
- EDC’s Role
- Canadian Auto Sector
- EDC Support to Canadian Auto Sector
- How EDC Facilitates Innovation
- Government support programs for R&D
About EDC

- Canada’s Export Credit Agency
- Crown corporation wholly owned by Government of Canada
- Financially self-sustaining
- Operates on commercial principles
EDC’s Role

- To support and develop Canada’s export trade and international business efforts
- Financing and insurance solutions for Canadian exporters and investors
2009 Performance Highlights

- Supported a record volume of direct and indirect Canadian exports amounting to $83 billion
- Served 8,500 customers
- Supported business in 190 countries
- $19 billion in emerging markets
- Contributed to 5.0% of GDP, supporting 642,000 jobs
EDC supported $82.8B in volume, despite a 24 per cent decline in Canadian exports in 2009.
Supporting Business Worldwide

EDC’s foreign representation

- North America / Caribbean $52B (61%)
- Asia-Pacific $13.5B (16%)
- Europe $9.1B (10%)
- South / Central America $6.7B (8%)
- Africa / Middle East $4.4B (5%)

% = percentage of EDC’s total business volume

Location of EDC Representation:
- Lima, Peru
- Monterrey, Mexico
- Mexico City, Mexico
- Santiago, Chile
- Lima, Peru
- Rio de Janeiro, Brazil
- São Paulo, Brazil
- Moscow, Russia
- Warsaw, Poland
- Beijing, People’s Republic of China
- Shanghai, People’s Republic of China
- New Delhi, India
- Mumbai, India
- Abu Dhabi, UAE
- Singapore, Malaysia

Location of EDC Representation
Connecting with Canadian Businesses Across Canada

- 16 offices across Canada
- Able to respond locally to Customer Needs
The Canadian Automotive Industry & EDC’s Role
Canadian Automotive Supply Chain

- Extensive automotive history
- Strong OEM presence
- Diverse parts supply base
- World-class TDM industry
How does EDC support the Sector?

- **Risk Mitigation**
  - Receivables Insurance
  - Contract Insurance and Bonding
  - Political Risk Insurance

- **Exporter Credit Capacity**
  - Working Capital Guarantees
  - Syndicated Loans

- **Buyer Credit Capacity**
  - Loans, Project Finance, Syndicated Loans
EDC’s Support of the Canadian Auto Sector
EDC Support of the Auto industry

**Financing**
- Working capital support for Canadian exporters
- Support to enable foreign expansion
- Buyer financing for purchase of Canadian goods

**Insurance**
- Support for sales of parts, tools, and molds
- Support for foreign affiliates of Canadian companies

**Market Services**
- Leveraging buyer financing to engage in matchmaking missions
EDC- Facilitating Innovation

Supply Chain Support
- Programs for all levels

Unique Products
- Tooling Facilities
- Bank guarantees
- FX guarantee

Partnering for Success
- Banks
- Government
- Industry
Revolving Tooling Buildout Facility

1. Parts & tooling contracts awarded
2. Award tooling & initiate EDC loan process
3. EDC establishes loan with Tool Shop and advances on PO milestones during buildout period
4. Indemnity for TS loan advances
5. Tool PPAP & payment
6. Payout of TS loans to EDC

Original Equipment Manufacturer (OEM)
Parts Supplier
Tool Shop(s)
EDC

Tooling Buildout Timeline:
- Tooling Kick-off
- Tools Completed/Delivered
- PPAP

Loan Repaid
EDC
Government of Canada Innovation Programs

The Government of Canada offers a number of programs to support innovation in the supply base, including:

- AIF - Automotive Innovation Fund
- SR&ED - Scientific Research & Experimental Development Program
- IRAP - Industrial Research Assistance Program
- CETC - CANMET Energy Technology Centre
- AUTO21 - Automotive Network of Centres of Excellence
EDC is a Canadian Crown Corporation established to support Canadian Industry in the global marketplace

EDC is a key supporter of the Canadian Auto Industry

Innovative financing solutions are a contributor to technical innovation

The Government of Canada offers a number of programs that complement EDC support and contribute to technical innovation in the supply base
Questions/Comments

- Export Development Canada
  
  www.edc.ca
  
  www.edc.ca/automotive

- Jim Brockbank, VP Transportation
  
  jbrockbank@edc.ca
  
  (613) 598-2853