

**Written Submission for the Pre-Budget
Consultations in Advance of the Upcoming
Federal Budget**

By: Stackpole International

List of Recommendations

- Recommendation 1: The government should assist the automotive industry re-tool its manufacturing process and auto supply chain to electric autos, helping it win more business and employ more Canadians.
- Recommendation 2: The Strategic Innovation Fund (SIF) must maintain its original vision of spurring long-term Canadian innovation, jobs, and growth.
- Recommendation 3: Going forward, the SIF should prioritize “shovel worthy”, private-sector projects that will help Canada’s economic recovery, promote inclusive growth and transition the country to further reduce carbon emissions.
- Recommendation 4: The federal government should ensure that SIF has the appropriate amount of available funding.

COVID-19 has affected every industry in Canada, and the Canadian automotive sector is no different. Auto sales precipitously declined in spring-summer 2020, leading to significant job losses. (Ontario's Financial Accountability Office found that between February and May, Windsor, one of the hubs of the auto sector, experienced a 19.1 percent decline in employment because of pandemic-related shutdowns—the worst decrease in the country.)

The federal government can and should help the auto industry recover. Innovative automotive policy and investment will spur innovative technologies, create jobs in Canada, and help the fight against climate change.

Canada can build the next generation of automobiles, including electric vehicles. It has the necessary expertise, experience, and human capital. But first it must win mandates from the international Original Equipment Manufacturers (OEMs). Competition for these mandates is fierce. Government should assist the industry re-tool its manufacturing process and auto supply chain to the next generation of autos, helping it win more business and employ more Canadians. There should be a full partnership between government and the auto sector.

Stackpole International is an auto-parts supplier headquartered in Ancaster, Ontario, with five Canadian locations, including Mississauga and Stratford. The company is a world-leader in fluid-power solutions and powder metal, employing over 2,000 people in Canada and delivering innovative products to blue chip customers around the world (Ford, General Motors, Renault Nissan, Tesla, etc.).

Thanks to the federal government's Canada Emergency Wage Subsidy (CEWS) program, Stackpole was able to retain the vast majority of its workforce through the worst of the COVID-19 pandemic. Moreover, Stackpole's business is emerging from COVID-19 in a good state; sales and business activity is recovering, and our long-term growth plans remain intact.

Strategic Innovation Fund (SIF)

The SIF is an important federal government program. Since its inception in 2017, it has funded many large projects, creating investment, innovation, and jobs as well as other important public benefits. It is an excellent program that has helped Canadian business.

Because of the COVID-19 health crisis, the Strategic Innovation Fund has been re-tooled to help fight this dreadful disease. On April 23, 2020, the Prime Minister announced \$600 million through the Strategic Innovation Fund, over two years, to support COVID-19 vaccine and therapy clinical trials led by the private sector, and Canadian biomanufacturing opportunities.

Such investment is critical to defeating COVID-19, but the Strategic Innovation Fund must also maintain its original vision of spurring long-term Canadian innovation, jobs, and growth.

Going forward, the SIF should prioritize "shovel worthy", private-sector projects that will help Canada's economic recovery, promote inclusive growth and transition the country to further reduce carbon emissions.

We expect there will be great demand for SIF investment. As such, the federal government should ensure that SIF has the appropriate amount of available funding to provide the government with the right tools to invest in private sector initiatives that support economic recovery and the government's sustainability goals.

Conclusion

To protect and grow Canadian auto sector jobs, Canada needs an automobile supply chain to support the manufacture of the next generation of vehicles. Without it, we risk losing the global mandate for these products, leading to a loss of revenue, investment and jobs.

Canada should increase its emphasis on attracting investments in its automotive manufacturing industry, including electric vehicles. Canada will need new and unconventional ways to attract these international mandates. The Strategic Innovation Fund is an ideal program for these pursuits; its inventive and flexible structure can help draw global OEMS to Canada and create the parts supply chain to support them.

ⁱ <https://www.cbc.ca/news/canada/windsor/financial-accountability-windsor-ontario-hardest-hit-1.5624071>