



*Via Email
(Originals by courier)*

December 18th, 2008

The Honourable Tony Clement

Minister of Industry
Industry Canada
235 Queen Street
CD Howe Bldg. 11th Floor
Ottawa, ON K1A 0H5

The Honourable Michael Bryant

Minister of Economic Development
900 Bay Street
Hearst Block, 8th Floor
Toronto, ON M7A 2E1

Dear Honourable Ministers:

The Canadian Tooling & Machining Association (CTMA) is in support of the Federal and Provincial Government's intentions to provide substantial stimulus to the Detroit Three (D-3) automotive companies with the intention of saving Canadian jobs. If executed correctly this stimulus could have far reaching beneficial effects at every level of the Canadian automotive industry which includes our machining, tool, die & mould sector (MTDM).

The financial stimulus package being considered has raised three major issues within our sector:

- 1. Safeguards must be in place to prevent the funds from being transferred to foreign tool and mould makers.** Our member companies have confirmed to us, through their joint venture associates in China and Asia, that the tooling manufacturers there have high expectations of increased work as a result of the proposed stimulus packages being considered.

We believe it is fundamentally wrong for tooling companies in China and Asia to benefit from the Canada/Ontario stimulus package. As your government will now be the "Lender of Last Resort", any terms and controls deemed necessary to safeguard the Canadian MTDM industry is expected. Anything less will be considered weak and therefore exploitable in the future by the D-3. The negative and political damage that will be exploited by the media in the event that Canadian funds flow overseas will undo all of the excellent efforts being committed by all levels of government.

- 2. The Detroit-Three (D-3) must stop delaying payments and downloading their cash-flow problems onto their suppliers.** The vast majority of the D-3 accounts payable commitments to Canadian MTDM companies have not actually been recognized within the D-3 accounting systems since they have withheld expenditures that are pending their Production Part Approval Process (PPAP). Once PPAP is approved, the tooling cost only then finds its way into the D-3's accounts payable system. The D-3 are, in fact, hiding debt and financial obligations that they currently owe. This practice has allowed the D-3 to avoid recognizing their own shortcomings and created the situation that they are in today. It has also jeopardized the very existence of almost every industry with any kind of substantial connection to the D-3, including the MTDM sector.

- 3. Conditions should be attached to the stimulus package to ensure the D-3 pay their outstanding commitments to suppliers.** Export Development Canada (EDC) has just cut-off all accounts receivable insurance with suppliers to the D-3 in order to limit EDC's exposure for potential bad debt. Yet EDC insures only a very small percentage of the total MTDM products that are produced for the D-3. This is an indication of how serious this situation is and how critical it is to create a mechanism that will ensure the \$600 million financial commitment by the D-3 to the Canadian MTDM industry is met.

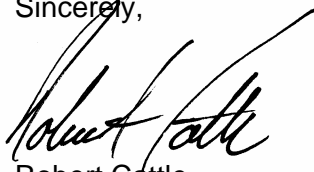
The CTMA and its members fully support the communications that were sent to you on December 10, 2008 from the seven Windsor-based MTDM companies (copies attached).

In closing, we strongly encourage you to ensure that your financial assistance is not used to support offshore tooling, rather that it be used to enhance high-technology, high-value Canadian jobs.

We believe that our members have the greatest knowledge of the Precision MTDM sector and we would be pleased to offer our assistance to those departments that are responsible for developing the necessary policies to ensure that any funds offered will directly benefit Canada.

We thank you for your consideration of the issues raised above and invite you to contact our office anytime to discuss them further.

Sincerely,



Robert Cattle
President



Les Payne
Executive Director

RC/jmc

cc: The Right Hon. Stephen Harper, Prime Minister of Canada
Hon. Jim Flaherty, Minister of Finance
Hon. Gary Goodyear, Minister of State (Science & Technology), MP-Cambridge
Hon. Dalton McGuinty, Premier of Ontario
Hon. Dwight Duncan, Minister of Revenue
Hon. Sandra Pupatello, Minister of International Trade & Investment
Mr. Gerry Martiniuk, MPP-Cambridge