



INTERNATIONAL BUSINESS DEVELOPMENT STRATEGY 2012 – 2014

Approved by CTMA Board of Directors December 21, 2011

SECTOR OVERVIEW:

Mission Statement: The Canadian Tooling & Machining Association (CTMA) represents and promotes the interests of the Canadian tooling and machining industry, nationally and internationally.

Mandate: To be an effective, broad-based, respected organization, representing the Canadian tooling and machining industry nationally and internationally.

The association currently has 170 member companies representing over 15,000 employees, which comprises approximately 50-75% of the tooling and machining industry within Canada. The sector is a principal exporter with some companies exporting as much as 90% of their production, primarily into the United States.

The Canadian tooling and machining sector is comprised of the following sub-sectors:

- stamping die making
- mould making
- precision machining
- gauges, jigs & fixtures
- die casting
- cutting tools (carbide, high speed steel & diamond)
- fabricating & assembly
- patterns & models
- special purpose machines
- rapid prototyping
- special tools
- robotics & automation equipment

The Canadian tooling sector is a capital intensive and knowledge-based industry engaged in global competition and involved in research & development. Tools, dies, moulds, etc. are present in the design and manufacturing of almost all industrial and consumer products, from aeronautics and automotive to electronics, household goods, equipment and micro-devices. The tooling sector is an integral part of the development of industrial and consumer products that require design, engineering and manufacturing capabilities to create them. Our sector creates the tools needed to shape, form and produce parts in the manufacturing supply chain.

Product innovation, technological development and the optimization of the whole manufacturing system strongly depends on innovations and developments made within the tooling sector. Tooling costs, time to market, and their quality and reliability are key competitive factors, which, directly or indirectly, have a strategic effect on the sustainability of Canada's manufacturing competitiveness.

Canadian tooling companies are mostly comprised of independently owned companies with the highest concentration in Ontario. Online trade data suggests that Canada produces approximately \$3 billion in annual tooling sales with \$1.3 billion in exports and \$765 million in imports.

TARGET MARKETS:

The principal market of the Canadian tooling and machining sector has been the United States and mainly the automotive industry, which itself has recently undergone some substantial global readjustments with outsourcing to Asia, Mexico and South America. With our sector's high dependence on the US economy, prospects are somewhat limited there however we do see a marked increase in the USA manufacturing sector and particularly in the automotive aftermarket sector. While the outlook is improving in the USA the Canadian industry still needs to diversify and reach out to other geographic areas and industries.

Traditionally, tooling and machining companies have distinguished themselves by specializing in niche sectors; however, today's markets require that companies provide a wider range of capabilities, products and services. The skills and machining services utilized in the tooling and machining sector are adaptable to non-automotive industries such as oil and gas, mining; food processing/packaging equipment; aerospace; healthcare, consumer goods, and renewable energies (i.e., wind, solar & nuclear).

Our target markets include the following:

Europe: In Europe, Germany continues to produce the world's most advanced technology developments within the tooling and machining sector and it also hosts the world's largest trade shows and technology seminars for our sector.

Mexico: The largest automotive manufacturers have established plants in Mexico and are insisting that their supply chains source work within Mexico. The Ontario government has a Memorandum of Understanding (MOU) with the largest region in Mexico and the CTMA has assisted the Provincial government as best we can and whenever asked.

South America

The tooling associations in Brazil and Argentina have joined the International Special Tooling & Machining Association (ISTMA) thus strengthening our trade contacts and networking opportunities in both countries. The CTMA hopes to exhibit in Brazil in August 2012 and distribute the association Buyers Guide to possible tooling buyers that will be attending the show.

United States of America: The USA market continues to be the largest market for the Canadian tooling and machining sector and we need to maintain and expand our connections there. The CTMA partnered with the National Tooling & Machining Association (NTMA) in the USA on a trade mission / purchasing fair held in Chicago, Illinois in September of 2011. This, combined with the NTMA's recent major program called "Reshoring Initiative", will provide our members with new opportunities within the USA. The North American automotive after-market offers many opportunities for Canadian part suppliers as this sector is not easily manufactured off-shore.

Asia: The CTMA through our affiliation with the International Special Tooling & Machining Association (ISTMA) believe the best opportunity for our sector in Asia is to promote joint ventures and technology agreements with Asian companies whenever possible and when approached by Asian companies.

The association will take the lead and investigate some of these target markets on behalf of our members to help identify possible opportunities.

TARGET CUSTOMERS:

The association has the opportunity to participate in a trade show in Brazil in 2012 and directly promote our members to possible tooling buyers from South America by personally providing our Buyers Guide that lists and describes the members capabilities

The CTMA plans to attend other strategic trade shows, conferences and international trade association meetings to seek out potential new advanced technologies and processes that will assist Canadian

companies in their constant challenge to remain competitive in the global market. The federal government's shortened "write-off" periods will help to encourage the industry to invest in the latest and most advanced equipment available.

The association will communicate back to the Canadian tooling and machining sector, all joint venture opportunities that are received from international or foreign companies that contact our office,.

OBJECTIVES & DESIRED OUTCOMES:

We will attend international trade shows, trade missions and conferences to gather intelligence in order to understand potential global opportunities and identify market entry points, investment, make key contacts and introductions to individuals who may be interested in subcontracting work to Canadian tooling and machining companies. We will encourage CTMA members to exhibit in international trade shows and meetings.

We will promote the capabilities of our members to potential joint venture partners and customers around the world. We will also participate in international technology exchanges where these exchanges have a clear benefit for the Canadian tooling and machining industry.

The association will participate in and maintain contact with international associations for the exchange of information on costs, business practices, processes, technology and technological developments, market conditions, best practices, and more. This information will then be communicated to our membership and the sector-at-large for their own development.

The CTMA wishes to attract an increased number of international tooling buyers to improve the quantity and quality of future business-to-business trade fairs/meetings to build on the success of previous trade missions.

Short term activities include attendance at the following:

- Industrie Paris Show & ISTMA Meeting – Lyon, France (April 2012)
- Euromold Brazil – Joinville, Brazil (August 2012)
- IMTS – Chicago, USA (September 2012)
- AAPEX Show – Las Vegas, Nevada, USA (October-November 2012)
- PowerGen International – Orlando, Florida, USA (December 2012)

AFFILIATIONS:

The CTMA is Canada's representative in the International Special Tooling & Machining Association (ISTMA) which is an international organization comprised of special tooling and machining associations. CTMA staff have been personally responsible for the following countries to join ISTMA - Argentina, Brazil and the following countries to consider joining ISTMA, - Australia and Denmark.

The CTMA is the Secretariat for the ISTMA-Americas region that now includes countries in both North and South America. We also maintain close ties with the National Tooling & Machining Association (NTMA) in the United States which provides us with a window into Washington and possible protectionism trends.

The CTMA is a member of the Canadian Manufacturing Coalition that consists of more than forty (40) Canadian manufacturing associations and is administered through the Canadian Manufacturers and Exporters Association.

On the Federal Government level, we will assist various Ministers such as Human Resources & Skills Development Canada, Department of Foreign Affairs and International Trade, Industry Canada, National Research Council, Revenue Canada, and Department of Finance. With these departments we will keep

all parties up to date on mutual needs and interests and continue to represent our industry at senior levels of government to improve training support; obtain better tax write-downs on capital investments in new and leading edge technologies; monitor import duties on goods where unfair trade practices adversely affect the competitiveness of our industry; and defend our industry when foreign governments wrongly implicate and target Canada for unfair trade advantages.

On the Provincial Government level, we work with the Ministry of Education, Ministry of Training, Colleges & Universities (Apprenticeship Branch), Ministry of Industry, Ministry of Economic Development & Innovation, Attorney General, Ministry of Consumer & Commercial Relations, and various other business development departments. Recently we have been working with the Ministry of Environment on the development of a Compliance Assistance Guide for the Tooling & Machining Sector.

CONCLUDING REMARKS:

The GOA program has allowed us to network and gain international contacts as well as introduce companies to new export markets. Without this financial support, our association would not be able to provide this level of information and service to the Canadian tooling and machining sector. Each GOA dollar spent through the association results in information shared through our full-colour magazine that is now distributed to more than 170 CTMA member companies that employ well over 15,000 highly skilled people as well as over 5,000 contacts in other tooling companies across Canada.

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