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NEWSLETTER OF THE JAPAN AUTOMOBILE MANUFACTURERS ASSOCIATION OF CANADA

Production, Exports & Sales set new records in 2005

Sales in Canada - 2005

In 2005, new light vehicle sales rose 3.2% to 1.58 million vehicles, the third best year on record compared to the peak in 2002 of 1.7 million light vehicles. Sales were buoyed by an array of new models as well as the ongoing use of incentives, particularly among the Big Three.

Combined sales at GM, Ford and DaimlerChrysler rose 1.7% to 880,000 units. Japanese light vehicle sales grew 3.9% to a new record of 514,000 units, the first time sales broke through the half million sales mark. Overall Japanese market share rose marginally to 32.5% from 32.3% in 2004. Big Three share dipped to 55.6%. Korean automakers sold 9.7% more than last year, while European sales gained 7.4%. Market shares for Korean and European makes were 5.9% and 6.0% respectively.

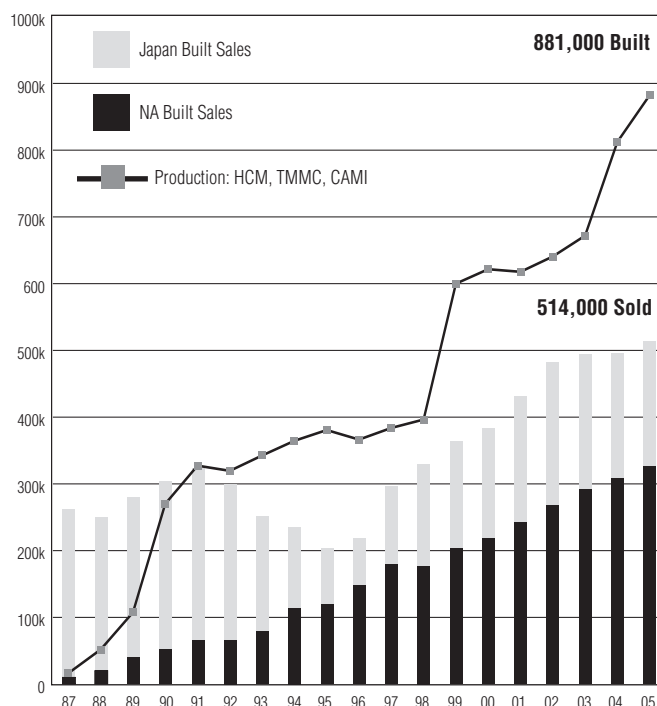
Among Japanese automakers, 2005 year end results were mixed: Nissan, Toyota and Mazda all set new sales records while Honda Canada saw sales increase 7.0% for their 3rd best sales year. Mitsubishi, Subaru and Suzuki had lower sales compared to 2004. (For details, please see the tables on page 2.) In 2005, 64% of all vehicles sold by JAMA Canada members were built in North America, up slightly from last year as NA-built sales rose 6.0%, while imports from Japan edged up 0.5%.

Japanese automakers held seven of the top ten best selling cars in Canada in 2005, including the top four. In first place, for the eighth consecutive year, was the Honda Civic. Coming in second was the Mazda3; third was the Toyota Corolla; and fourth, the Toyota Echo – all compact cars.

Top Ten Best Selling Cars in Canada – 2005

Honda Civic	58,189	(+10.9%)
Mazda3	45,806	(+20.4%)
Toyota Corolla	40,884	(+6.4%)
Toyota Echo	25,680	(-4.4%)
Ford Focus	23,796	(-3.7%)
Chevrolet Cobalt	21,247	(n.a.)
Toyota Matrix	20,506	(+21.7%)
Honda Accord	20,063	(-7.1%)
Toyota Camry	16,649	(-3.9%)
Pontiac Sunfire	16,248	(-43.2%)

Vehicle Production & Sales in Canada



In the medium/heavy truck sector, total sales grew 14.3% to 50,113 units in 2005. Hino sales (Class 5-7) dipped 2.7% to 1,200 units (7.8% share - medium duty), while Mitsubishi Fuso (Class 4-7) sales jumped 145.1% to 375 units for a 2.4% share in the medium duty sector. Heavy duty trucks (Class 8) sales for all companies were up 16.2% to 34,663 units - there are no Japanese brands that compete in Class 8.

• See *Production, Export & Sales 2005...* continued on page 2

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• Continued from page 1... **Production, Exports & Sales 2005**

Light Vehicle Production in Canada - 2005:

Total Canadian light vehicle output slipped 3.7% to 2.62 million units in 2005. GM output dropped 9.0% to 840,500 units, Ford plunged 40.4% to 221,800 units and DCX gained 22.4% to almost 680,000 units.

Overall, combined output at Honda, Toyota & CAMI set a new record as a result of increased output at CAMI (up 44.8% to 190,000) and TMMC (up 6.3% to almost 306,000). Production at HCM slid 1.8% to about 385,500 units. Combined production rose 8.6% to 881,000 units. About 33.6% of total light vehicle production in Canada was made by Honda, Toyota and CAMI

Light Vehicle Exports - 2005

Exports of finished vehicles set a new record again in 2005, up 6.6% to 721,000 units. Over 80% of production in Canada was exported to the US and over a dozen other countries. While exports from Honda

slipped 4.8% to almost 319,000 units, both CAMI and TMMC made gains of 40.2% (to 170,745 units) and 5.3% (to 231,392 units) respectively.

Vehicle Imports - 2005

Shipments from Japan to Canada in 2005 rose 14.8% to 191,500 units. Imports from the NAFTA region (US and Mexico) in 2005 gained 12.1% to 179,700 units compared to 2004. Imports grew 13.5% overall in 2005 to 371,200 units. Canada has been a net exporter of "Japanese" vehicles for the past thirteen years. Since 1993, two million more vehicles have been exported than have been imported from Japan, the US and Mexico combined.

• See **Production, Exports & Sales 2005...** continued on page 3

Light Vehicle Sales in Canada, by Company

Company	Jan-Dec 2005			Jan-Dec 2004			% Change		
	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL
HONDA	110,597	43,990	154,587	106,562	37,893	144,455	3.8	16.1	7.0
N.A. Built	102,164	28,014	130,178	97,582	22,505	120,087	4.7	24.5	8.4
Japan Built	8,433	15,976	24,409	8,980	15,388	24,368	-6.1	3.8	0.2
TOYOTA	132,842	42,945	175,787	124,742	45,474	170,216	6.5	-5.6	3.3
N.A. Built	92,759	26,573	119,332	86,732	27,852	114,584	6.9	-4.6	4.1
Japan Built	40,083	16,372	56,455	38,010	17,622	55,632	5.5	-7.1	1.5
MAZDA	67,523	10,344	77,867	60,449	13,439	73,888	11.7	-23.0	5.4
N.A. Built	11,738	7,546	19,284	10,213	8,576	18,789	14.9	-12.0	2.6
Japan Built	55,785	2,798	58,583	50,236	4,863	55,099	11.0	-42.5	6.3
NISSAN	39,365	31,618	70,983	42,586	26,873	69,459	-7.6	17.7	2.2
N.A. Built*	32,809	14,604	47,413	36,461	7,542	44,003	-10.0	93.6	7.7
Japan Built	6,556	17,014	23,570	6,125	19,331	25,456	7.0	-12.0	-7.4
SUZUKI	5,943	2,870	8,813	6,866	3,052	9,918	-13.4	-6.0	-11.1
N.A. Built	0	0	0	0	744	744	0.0	-100.0	-100.0
Japan Built	5,943	2,870	8,813	6,866	2,308	9,174	-13.4	24.4	-3.9
SUBARU	11,498	4,468	15,966	12,026	4,285	16,311	-4.4	4.3	-2.1
N.A. Built	5,881	854	6,735	6,493	84	6,577	-9.4	916.7	2.4
Japan Built	5,617	3,614	9,231	5,533	4,201	9,734	1.5	-14.0	-5.2
MINI	6,338	4,053	10,391	7,414	3,369	10,783	-14.5	20.3	-3.6
N.A. Built	2,228	1,040	3,268	1,924	1,008	2,932	15.8	3.2	11.5
Japan Built	4,110	3,013	7,123	5,490	2,361	7,851	-25.1	27.6	-9.3
TOTAL	374,106	140,288	514,394	360,645	134,385	495,030	3.7	4.4	3.9
N.A. Built	247,579	78,631	326,210	239,405	68,311	307,716	3.4	15.1	6.0
Japan Built	126,527	61,657	188,184	121,240	66,074	187,314	4.4	-6.7	0.5

* car sales include Mexican built

Source: AIAMC, DesRosiers Automotive Consultants Inc.

Motor Vehicle Production in Canada

	Jan-Dec 2005	Jan-Dec 2004	% Change
HONDA (HCM)	385,491	392,528	-1.8
TOYOTA (TMMC)	305,966	287,859	6.3
CAMI	189,997	131,190	44.8
TOTAL	881,454	811,577	8.6

Source: JAMA Canada

Motor Vehicle Exports from Canada

	Jan-Dec 2005	Jan-Dec 2004	% Change
HONDA (HCM)	318,995	334,903	-4.8
TOYOTA (TMMC)	231,392	219,837	5.3
CAMI	170,745	121,790	40.2
TOTAL	721,132	676,530	6.6

Source: JAMA Canada

• Continued from page 2... **Production, Exports & Sales 2005**

Outlook for 2006

As in 2004, most analysts are forecasting softer demand for new vehicles in 2006 based on an array of economic factors that are negative: rising interest rates, high consumer debt loads, and restructuring at both GM and Ford. Although the rising value of the Canadian dollar has a beneficial effect on import prices and allows companies to continue incentives, economists are split on whether the dollar will continue to gain strength to \$.90 US or fall back to \$.80 US. With high gas prices, and other costs of ownership, some analysts suggest that entry level vehicles which tend to be fuel efficient will continue to gain sales and market share, as well as luxury vehicles whose buyers are not as sensitive to variable cost factor, while mid-level, family vehicles will face sluggish demand in 2006.

Vehicle Imports (Shipments) to Canada

	Jan-Dec 2005	Jan-Dec 2004	% Change
JAPAN	191,499	166,858	14.8
U.S./MEXICO	179,740	160,353	12.1
TOTAL	371,239	327,211	13.5

Source: JAMA, JAMA Canada

Commercial Truck Sales in Canada

Medium & Heavy Duty (Class 4-8)

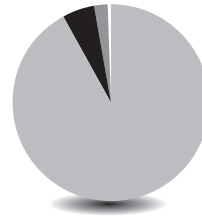
	2005	2004	% Change
Medium Duty (Japanese)	1,575	1,386	13.6
Hino (Class 5-7)	1,200	1,233	-2.7
% share (medium duty)	7.8	8.8	
Mitsubishi Fuso (Class 4-7)	375	153	145.1
% share (medium duty)	2.4	1.1	
Medium Duty (All Companies)	15,450	13,995	10.4
Heavy Duty (Class 8 - All Companies)	34,663	29,837	16.2
Grand Total - Medium/Heavy Duty	50,113	43,832	14.3

Source: JAMA Canada

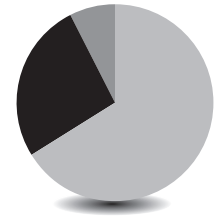
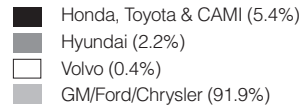
A snapshot of the Japanese auto industry in Canada in 2005

- Combined production at Honda (HCM), Toyota (TMMC) and CAMI (Suzuki / General Motors joint venture plant in Ingersoll) totaled 881,000 units in 2005, up 8.6% over 2004, and representing 33.6% of total Canadian production, up from 5.4% in 1989.
- TMMC set a new production record in 2005 – 305,993 units.
- Exports from those plants topped 721,000 units, which represents an 82% export ratio.
- Canada has been a net exporter of 'Japanese' vehicles since 1993. Over these 13 years over 2 million more vehicles have been exported from Canada than imported from Japan, the US and Mexico combined.

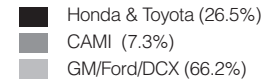
Light Vehicle Production in Canada



Total 1989 – 1.9 million

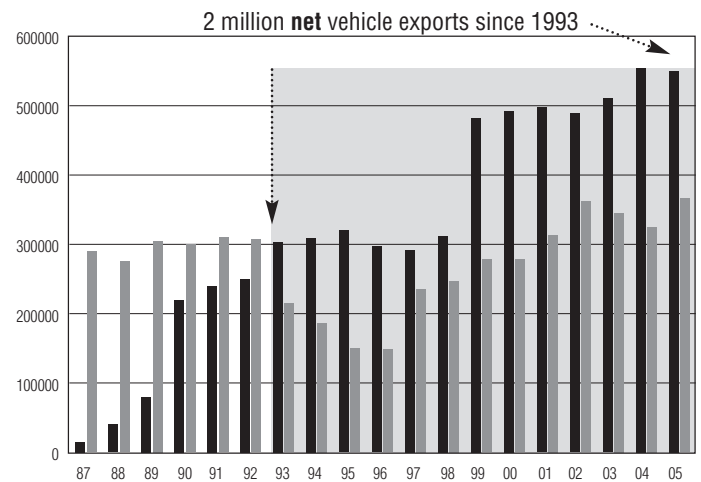


Total 2005 – 2.6 million



- Vehicle sales in 2005 set a new record of 514,000 units - a record 32.5% market share.
- The best selling car in Canada in 2005 was the Honda Civic for the eighth consecutive year, followed by the Mazda3 and Toyota Corolla - both the Corolla and Civic are made in Canada. What's more, seven of the top ten best selling passenger cars in 2005 were Japanese brand vehicles.
- Five of every eight vehicles (64%) sold in Canada by Japanese automakers were built in North America in 2005.

Vehicle Exports & Imports in Canada



- Over 25,000 manufacturing jobs have been created in vehicle and auto parts related manufacturing plants, while dealerships across Canada employ another 30,000 and head offices and regional sales and distribution operations account for 1,900 jobs. In total, direct and indirect employment stands at 57,000.
- There are 50 auto parts, materials and machine tool plants currently operating in Canada.

• See **Snapshot of Industry in 2005...** continued on page 4

Employment



Total employment in Canada – 58,400

- Vehicle Manufacturing (11,000)
- Parts/Materials/Machine Tool Manufacturing (15,500)
- Head Offices Administration & Sales (1,900)
- Dealerships (30,000)

Toyota expands RAV4 plant in Woodstock

Toyota announced in early February that annual production capacity will increase to 150,000 RAV4 sport utility vehicles at a plant under construction in Woodstock, Ontario. Total employment will expand by an additional 700 for a total of about 2,000 when the facility reaches the increased level of annual capacity. Total investment will grow to about C\$1.1 billion/US\$950 million. The facility, managed by Toyota Motor Manufacturing Canada (TMMC) in Cambridge, was announced last June and construction began in October. Production begins in 2008.

“This capacity increase gives us the flexibility to adjust to future market demand,” said Seiichi Sudo, president of Toyota Motor Manufacturing North America (TMMNA). “We are confident in TMMC’s ability to handle this growth.”

Ray Tanguay, president of TMMC, said the expansion is further evidence of the strength of the auto industry.

“This announcement is a vote of confidence by Toyota and the consumers, and demonstrates that auto manufacturing is alive and well in Canada,” he said. “It is not only good news for our team members, but also for Canada and our suppliers across North America.”

“We knew that Toyota’s new plant in Woodstock would bring tremendous benefits to the community and to all of Ontario, and now our great expectations have quickly been exceeded,” said Ontario Economic Development and Trade Minister Joe Cordiano. “Toyota’s continued investment in Woodstock is a strong vote of confidence in Ontario’s highly skilled workforce, and we are proud of their decision to choose this great province.”

TMMC, which employs 4,300 and builds the Corolla, Matrix and Lexus RX330, has been manufacturing vehicles in Cambridge since November 1988. TMMC built more than 306,000 units in 2005.



Strategic Review & Outlook for the Canadian Automotive Sector

By Dennis DesRosiers

Whenever discussing the Canadian automotive industry, it’s important to note some basic market attributes and

broad trends that are occurring. First and foremost, light vehicle sales were up last year, hitting 1.58 million units. This is an improvement over last year’s 1.53 million, but still not at the same level as the 1.7 million level hit in 2002. Total vehicle sales (including used and new) account for approximately 3.95 million units, representing a full 20.8 percent of the 19 million vehicles on the road. From this statistic, it can be inferred that one in five Canadians is actively involved in the vehicle market every year.

Every vehicle company has their own internal sub-segmentations, so I prefer to look at the market through a broader, more holistic lens. I divide the market into four groups:

- Entry Level
- Mid-Size/Family
- Large/Luxury/Sport
- Primarily Commercial

These groupings tend to give a simplified-but-realistic representation of buyer attitudes. With the increasingly diversified vehicle marketplace that has developed over the past decade, consumers are likely to cross-shop their purchases across traditional segmentation lines.

In the Entry Level segment, Japanese manufacturers have enjoyed steady growth. The size of this sub-market has nearly doubled since 1996, mostly due to growth in the compact car and compact SUV segments. The Japanese manufacturers now command 46.8 percent of the Entry Level market. General Motors (22.7 percent) still leads the segment, followed by Toyota (17.1 percent), Honda/Acura (14.2 percent), Ford (9.0 percent), and Mazda (9.0 percent).

Japanese manufacturers are not nearly as dominant in the Mid-Size/Family segment. The overall Mid-Size/Family market has been deflating for several years, dropping from 650,341 vehicles in 2002 to just 488,572 in 2005. Although sales have dropped, Japanese share of that market has grown. Whereas Japanese manufacturers held 15.6 percent of the segment in 1996, they controlled 29.3 percent in 2005. In the overall sales totals, General Motors (37.8 percent) has a considerable lead, followed by DaimlerChrysler (19.1 percent), Ford (9.2 percent), Toyota (8.9 percent), and Honda (8.6 percent).

Large/Luxury/Sport vehicles have shown considerable growth over the past decade, but Japanese manufacturers have generally maintained share rather than grown their share. The segment grew from 101,260 units in 1996 to 184,576 units in 2005, but the Japanese only registered a 1.5 percent market share improvement over that same time period. Buoyed by the success of its 300/300C, DaimlerChrysler (17.7 percent) takes the top spot, followed by Ford (12.1 percent), BMW/Mini (11.7 percent), General Motors (11.0 percent), and Honda/Acura (9.0 percent).

In the area of Primarily Commercial vehicles, the Japanese are not competing. With just 2.1 percent of the market in 2005, none of the Japanese manufacturers are making significant inroads in the large pickup or large van segments. General Motors, Ford, and DaimlerChrysler dominate with a combined 97.9 percent of the market.

When total market performance is examined, it becomes clear that the mythical Japanese “juggernaut” is just that: mythical. While the Detroit-based automakers are indeed losing share, they still control a very large portion of the market. General Motors’ total market

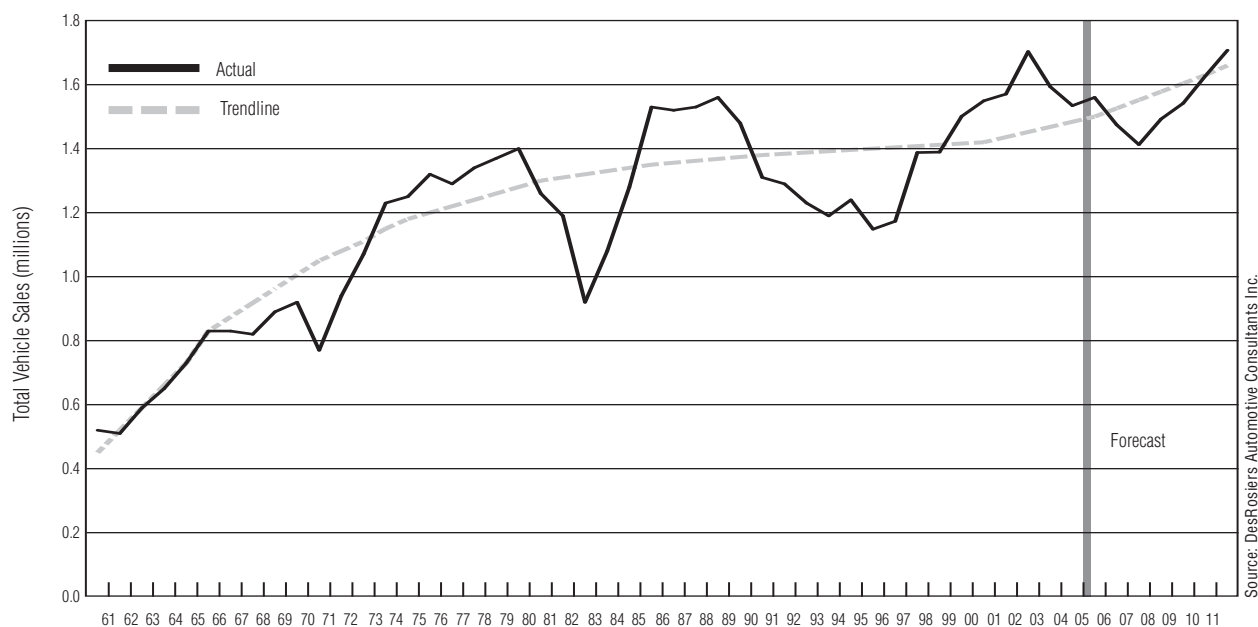
• See **Strategic Review & Outlook**... continued on page 6

Canadian Light Vehicle Market (1996-2005)

Year	Total Market	Entry Level	Entry Level Share	Mid-Size/Family	Mid-Size/Family Share	Large/Luxury/Sport	Large/Luxury/Sport Share	Primarily Commercial	Primarily Commercial Share
1996	1,173,090	356,416	30.4%	521,253	44.4%	101,260	8.6%	194,161	16.6%
1997	1,387,950	432,918	31.2%	605,770	43.6%	113,156	8.2%	236,106	17.0%
1998	1,389,126	435,705	31.4%	592,599	42.7%	124,746	9.0%	236,076	17.0%
1999	1,501,099	476,927	31.8%	647,882	43.2%	142,236	9.5%	234,054	15.6%
2000	1,549,441	536,797	34.6%	623,570	40.2%	154,435	10.0%	234,639	15.1%
2001	1,570,629	598,691	38.1%	599,990	38.2%	153,729	9.8%	218,219	13.9%
2002	1,703,246	648,709	38.1%	650,341	38.2%	169,583	10.0%	234,613	13.8%
2003	1,593,506	610,554	38.3%	585,870	36.8%	166,980	10.5%	230,102	14.4%
2004	1,534,415	609,622	39.7%	512,712	33.4%	170,769	11.1%	241,312	15.7%
2005	1,583,291	677,142	42.8%	488,572	30.9%	184,576	11.7%	233,001	14.7%
Change	3.2%	11.1%		-4.7%		8.1%		-3.4%	

Source: DesRosiers Automotive Consultants Inc., AIAMC and CVMA

Total Canadian Vehicle Sales (1960-2011F)



Source: DesRosiers Automotive Consultants Inc.

Canadian Production (1996-2005T)

	Vehicle Production	Share of N.A.	Production/Sales Ratio
1996	2,397,211	15.5%	199.8%
1997	2,567,750	16.0%	180.8%
1998	2,570,321	16.0%	180.0%
1999	3,056,616	17.4%	198.4%
2000	2,961,636	16.8%	186.7%
2001	2,532,363	16.0%	158.5%
2002	2,629,437	15.7%	151.8%
2003	2,552,862	15.7%	157.1%
2004	2,710,683	16.7%	172.1%
2005T	2,704,235	16.3%	161.6%

Includes HD Truck

Source: DesRosiers Automotive Consultants Inc.

Employment in Cdn Automotive & MTDM Sectors

	Assembly Sector	Parts Sector	MTDM Sector
1995	56,051	77,130	21,422
...
2001	51,435	95,060	27,473
2002	50,985	98,114	27,796
2003	48,735	103,413	28,246
2004	47,897	101,254	28,228
2005T	49,553	98,766	28,128

MTDM = machinery, tool & die, mould makers

Source: DesRosiers Automotive Consultants Inc.

• *Continued from page 4... Strategic Review & Outlook*

share towers above all its competitors at 28.7 percent, trailed by DaimlerChrysler (13.7 percent) and Ford (13.4 percent). Fourth place is occupied by Toyota/Lexus (10.5 percent), while Honda/Acura (8.4 percent) rounds out the list. Although the Japanese manufacturers have posted impressive gains nearly every year they have competed in the Canada, they are still a long way from total market dominance.

There is no evidence that the Canadian vehicle market is in any long term trouble. When viewed in decade-over-decade format, our total sales and usage numbers are still on the rise. Whereas Canadians purchased just over 13 million vehicles and drove a combined 3.4 billion kilometers from 1990-1999, the country is on-track to increase vehicle consumption by 21.2 percent and usage by 21.9 percent this decade. Our forecasts indicate that by the end of the current decade, Canadians will have purchased fewer than 15.8 million vehicles, while the total vehicle fleet will have traveled around 4.15 billion kilometers.

In predicting the future fortunes of the automotive industry, there continue to be two camps: those who stress economic variables and those who stress industry variables. In general, those who trust economic indicators are more positive. They point towards positive employment, GDP, and consumer confidence numbers. Their enthusiasm is dampened somewhat by high consumer debt loads, high taxes, and the potential for higher interest rates.

Those analysts who put their faith in industry variables take a slightly more negative view. They see little growth in proportional ownership, lower residual values, increasing operating costs, fewer returning lease sales, and a continuing incentive-driven pricing climate. On the positive side, they note that vehicle scrappage is holding, new products are flooding the marketplace, and usage is holding. Given these variables, most analysts would conclude that we are on the brink of a cyclical downturn.

We are of the latter opinion: the market is poised to experience a mild downturn over the next two years declining by about 5 percent per year. Over the latter half of the decade the automotive sector should experience strong cyclical growth and continuing into the next decade. Traditional vehicle categories like intermediate passenger cars and minivans are being abandoned for alternatives in the Entry Level and Large/Luxury/Sport segments, so some parts of the market will be healthier than others. As compact cars become more powerful and amenity-rich, they become a viable alternative for consumers wishing to save operating costs without sacrificing on their driving experience.

New models are flooding the market at an unprecedented rate. Whereas it had become common to expect between 30 and 35 new model launches per year during the past decade, we are now entering a period of intense product proliferation. The last four years have averaged closer to 45 new models per year, and 67 new products are scheduled for release in 2007. We worry that a not-insignificant number of these products will fail in the marketplace, as manufacturers struggle to find "room" for them in their advertising matrices.

OEMs often make use of five tactics to relieve themselves of excess vehicle inventory. We refer to these tactics as "safety valves," as they function much the same way as an old-fashioned overflow valve – excess product is sold for ultra-slim margins or at a

loss in order to avoid dangerous inventory overloads.

Consumer incentives are the most visible of the five safety valves. The Detroit-based automakers (and their import-nameplate subsidiaries) rely most heavily on sales incentives, and GM, Ford, and DaimlerChrysler are all above the industry's average incentive value (roughly US\$2,500). The import brands are about \$1,000 per vehicle less than the industry average.

Fleet sales are used heavily by the Detroit-based automakers. Unpopular vehicles are often sold at deep discount to daily rental or fleet management companies, allowing factories to remain busy and sales figures to remain artificially high. Profit margins are very slim on such vehicles, and fleet is often regarded as a vehicle's saving grace should it fail in the consumer market. While General Motors and Ford managed to reduce their fleet sales volumes in 2005 (by 3% and 9% respectively), DaimlerChrysler increased its fleet percentage by 17.8 percent, signaling problems on the consumer sales end of its operations.

Leasing is another reliable way to move large numbers of vehicles in a short period of time. By setting residual values unrealistically high, and making lease rates more attractive, OEMs can attract customers to product that would otherwise languish on dealer lots. After years of decline, leasing has shown growth for the past four years. Leasing currently represents a full 45 percent of the vehicle finance market, its highest level since 1997.

The growth of leasing is especially risky for OEMs due to the deflation that has been occurring in the used vehicle sector. Residual values have declined every year this decade, making it increasingly dangerous for vehicle finance divisions to set attractively-high lease residuals. Japanese manufacturers consistently top the residual value charts, with Honda, Toyota, and Acura heading up the list. Only three Japanese brands scored below average in our 48 month passenger car residual value analysis.

A fourth safety valve is the practice of extending a particular platform's service life past the point of product competitiveness. Such vehicles can be sold at lower costs than new models, as the tooling and design costs have long been amortized. Some OEMs, specifically General Motors and Ford, sell significant numbers of vehicles which are based on platforms that have not been substantially revised or redesigned in nine or more years. The Japanese manufacturers are largely free of this vice.

The fifth and final safety valve is inventory downloading, a difficult-to-document phenomenon that regularly occurs at the dealer level. OEMs will force dealers to accept large numbers of vehicles that they would otherwise not require. This practice increases availability (and thus sales), but potentially at great expense to the dealer body.

While there are some areas of instability in the Canadian auto sector, those problems are limited to specific OEMs, suppliers, dealers, regions, and unions. The industry itself is growing and will continue to grow.

Capital expenditures are up. There is no greater indicator of future industrial health than the amount of money being invested in the present. Canada consistently attracts over \$3 billion in new capital expenditures each year, and Canada's share of total North American capital investment has risen from 11.8 percent in 2000 to 17.1 percent in 2005.

• *See Strategic Review & Outlook ... continued on page 7*

• Continued from page 6... **Strategic Review & Outlook**

Canada's share of total North American vehicle production is holding in the 16-17 percent range, where it has hovered since the mid-1990s. Employment in the auto sector is holding.

All things considered, the Canadian automotive sector appears to be relatively healthy. The market is forecast to be in a cyclical downturn but sales this decade will be some 20 percent higher than last decade. The Japanese share of the Canadian market continues to grow. And our manufacturing base is holding its share of North American vehicle and parts production. Strong capital expenditures should help Canada's automotive sector remain very strong.

AJAC 2006 Car of the Year Awards

Recently, AJAC announced the winners of the 2006 Car of the Year awards in ten sub-categories. JAMA Canada members have won several awards. Honda garnered multiple awards this year including both Car & Truck of the Year for the Honda Civic and Honda Ridgeline respectively. More importantly, both of these vehicles are built at Honda's plant in Alliston Ontario.

Canadian Car of the Year
Canadian Truck of the Year
Economy Car
Sport Car
Pickup Truck
Multipurpose Family Vehicle
Alternative Power Vehicle
Best New Technology

Honda Civic Sedan
Honda Ridgeline
Honda Civic Sedan
Honda Civic Si Coupe
Honda Ridgeline
Mazda5
Honda Civic Hybrid
Lexus IS 350

The AJAC Awards are determined as a result of a comprehensive battery of 'real-world' tests comparing new or substantially new 2005 model year vehicles by automotive journalists over a four day period last fall at the Shannonville Motorsport Park in Belleville, Ontario. Further details about AJAC and the Car of the Year Awards can be found at www.ajac.ca.



Honda Civic Sedan – 2006 AJAC Car of the Year



Honda Civic Hybrid



Honda Ridgeline – 2006 AJAC Truck of the Year



Mazda5



Lexus IS 350

CAA 2006 Pyramid Award for Innovation in Safety

Lexus, a Division of Toyota Canada Inc. was awarded the 2006 Canadian Automobile Association (CAA) Pyramid Award for Innovations in Safety for their Vehicle Dynamics Integrated Management (VDIM).

VDIM is a new generation in stability control systems that work to prevent crashes by automatically correcting imbalances in the vehicle. The system continuously measures the motorist's performance against a stable model, correcting inconsistencies when they occur through corrective steering inputs. This system works to prevent spin-outs and roll-overs before they occur, reducing the likelihood of fatal collisions.

Ontario launches Advanced Manufacturing Investment Strategy

Ontario's Economic Development and Trade Minister Joseph Cordiano announced a new \$500 million repayable loan program recently, called the Advanced Manufacturing Investment Strategy, which will work with industry partners to develop and put in place leading technologies and innovations to keep them globally competitive. According to MEDT officials, this fund was set up separately from and in addition to the \$500 million Automotive Investment Strategy, and is aimed broadly at advanced manufacturing including the automotive parts sector.

"We value our manufacturing sector in Ontario, and know that it is our province's largest job creator. With this strategy we are investing in our highly skilled workforce by helping manufacturers stay at the cutting edge of technology," Cordiano said. "That's how our industries will stay globally competitive and jobs for our Ontario workers will be secure in the future."

The Advanced Manufacturing Investment Strategy is designed to attract investment by helping companies across the province take immediate steps to develop and use leading technologies and innovations that will keep them globally competitive. Government support will focus on manufacturing processes and technologies, materials innovations, innovative waste management technologies and energy efficiencies.

The repayable loans are interest-free for up to the first five years. The \$500 million strategy provides up to 10 per cent of eligible project costs.

"In order for Ontario to be successful in the global innovation race we must be the first to discover new ideas, the first to turn them into new products and services and the first to market those products and services to the world," said Premier and Minister of Research and Innovation Dalton McGuinty. "By strategically investing in innovation, Ontario will create the most rewarding jobs and build the strongest economy."

Minister Cordiano announced the program today from Ryerson University's Institute for Aerospace Design and Innovation and invited companies to submit proposals. Up to three calls for

proposals will be made each year for five years, depending on the number of successful projects. For more information about the Advanced Manufacturing Investment Strategy including eligibility requirements, program proposal forms and guidelines visit www.ontariocanada.com.

EnerGuide Awards for Most Fuel-Efficient Vehicles, 2006

The following vehicles from JAMA Canada members received EnerGuide Awards for the 2006 model year:

		Fuel Consumption
Honda Insight	2-seater	City: 3.9 L/100 km (72 mi./gal.) Hwy: 3.3 L/100 km (86 mi./gal.)
Toyota Yaris	Subcompact	City: 6.9 L/100 km (41 mi./gal.) Hwy: 5.5 L/100 km (51 mi./gal.)
Honda Civic Hybrid	Compact (CVT)	City: 4.7 L/100 km (60 mi./gal.) Hwy: 4.3 L/100 km (66 mi./gal.)
Toyota Prius	Mid-size	City: 4.0 L/100 km (71 mi./gal.) Hwy: 4.2 L/100 km (67 mi./gal.)
Mazda B2300	Pickup Truck	City: 9.9 L/100 km (29 mi./gal.) Hwy: 7.3 L/100 km (39 mi./gal.)
Toyota Matrix	Station Wagon	City: 7.9 L/100 km (36 mi./gal.) Hwy: 5.9 L/100 km (48 mi./gal.)
Honda Odyssey EX-L & Touring	Van	City: 12.0 L/100 km (24 mi./gal.) Hwy: 7.7 L/100 km (37 mi./gal.)

From the 2006 Fuel Consumption Guide, published by Office of Energy Efficiency, Natural Resources Canada. For further information visit the EnerGuide website at www.vehicles.gc.ca.

Motor Vehicle Industry in Japan – 2005 Year End Review

Passenger Cars, Trucks, Buses	TOTAL	
PRODUCTION ¹	Jan-Dec 2005	10,799,659
	Jan-Dec 2004	10,511,518
	% change	2.7
EXPORTS ²	Jan-Dec 2005	5,053,061
	Jan-Dec 2004	4,957,663
	% change	1.9
SALES/ REGISTRATIONS ³	Jan-Dec 2005	5,852,068
	Jan-Dec 2004	5,853,382
	% change	-0.1
IMPORT VEHICLE SALES ⁴	Jan-Dec 2005	268,112
	Jan-Dec 2004	272,880
	% change	-1.7

* (including models built by Japanese automakers overseas) source: 1,2-JAMA; 3-JADA, JMVA; 4-JAIA