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Ministers Clement and Day Announce New Measures to Help Boost Consumer Confidence in Auto Industry

News Release

OTTAWA, April 7, 2009 — The Honourable Tony Clement, Minister of Industry, and the Honourable Stockwell Day, Minister of International Trade, today announced a pair of new measures to help boost consumer confidence in the auto industry.

The Government of Canada has created the Canadian Warranty Commitment Program for new vehicles purchased from General Motors of Canada Limited ([GMCL](#)) and Chrysler Canada [Inc. \(Incorporated\)](#), and added \$700 million to Export Development Canada's ([EDC](#)) Accounts Receivable Insurance ([ARI](#)) program available to auto parts suppliers.

“By back-stopping new vehicle warranties for General Motors and Chrysler in Canada, and putting our auto suppliers on a more stable footing, our goal is to increase consumer confidence and encourage Canadians to buy new cars,” said Minister Clement. “Accounts receivable

can be one of the largest assets on a parts supplier's balance sheet, and the recent global credit crunch has put a strain on companies' cash flow. To that end, the ARI program is a significant tool at the disposal of auto suppliers."

"These measures, along with other measures announced by our government, will help achieve a viable industry that maintains Canada's share of Canada-U.S. production going forward," said Minister Day.

Under the Canadian Warranty Commitment Program, the federal government is committed to honouring consumer warranties on new vehicles purchased from GMCL or Chrysler Canada for a limited period while improved restructuring plans are put in place.

The Canadian warranty program parallels the U.S. warranty program announced by President Barack Obama on March 30, 2009.

With respect to the ARI program expansion, auto suppliers will be able to take advantage of an additional \$700 million being advanced to EDC through the Canada Account. This money is in addition to EDC's existing corporate business, and offered on the same commercial terms.

Combined with EDC's current ARI exposure of approximately \$550 million for auto parts suppliers, the additional \$700 million brings the exposure to \$1.25 billion. This amount is proportional to a 20 percent share of the US\$5-billion Auto Supplier Support Program announced by the U.S. Government on March 19, 2009.

In 2008, EDC provided a total of \$4.2 billion in commercial facilitation to 595 Canadian companies in the auto industry through its financing and insurance products and services. Of this amount, \$3.2 billion was in the form of ARI.

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