THE GLOBE AND MAIL

Stellantis announces $3.6-billion retool of Ontario plants to make electric and hybrid-fuel vehicles

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PUBLISHED YESTERDAY

Stellantis NVsays it will spend $3.6-billion to retool its Ontario plants to make zero-emissions vehicles – the latest announcement from an automaker aimed at hastening the Canadian auto sector's shift away from internal combustion engines.

With up to $1-billion in funding from the federal and Ontario governments, Stellantis plans to refit its Windsor and Brampton plants to make hybrid or electric cars and expand to three shifts a day. The automaker said it will also build its first North American battery lab in Windsor.

At a news conference announcing the investment on Monday, Prime Minister Justin Trudeau said the two plants will become global leaders. He said the retooling will be beneficial to both Canadians and the environment. "Not only are we growing a world-leading auto industry creating hundreds of jobs, and securing thousands more, we're keeping our air clean by building and driving more EVs here at home," he said.

Mark Stewart, Stellantis North America's chief operating officer, said the move supports the company's global push to offer 25 electric vehicles that will account for 53 per cent of sales by 2030. The automaker is spending $45-billion through 2025 as it races with rivals to meet consumer demand and government limits on greenhouse gas emissions.

This is "more good news and stability for Canadian operations," Mr. Stewart told reporters at the news conference in Windsor.

The Canadian auto sector is in the midst of an electric evolution. In March, the federal and provincial governments said they would give hundreds of millions of dollars to Stellantis and LG Energy Solution for a $5-billion plant in Windsor that will make batteries for electric vehicles. The investment is the largest in the history of Canada's auto industry.

Other automakers in Canada are gearing up for an electrified future, too. Ford Motor Co. plans to produce electric cars at its Oakville, Ont., factory by 2024, with a $1.8-billion investment that includes $580-million in taxpayer money. By December, General Motors is set to begin making the electric cargo van the BrightDrop EV600 at its retooled plant in Ingersoll, Ont.

GM and POSCO Chemicals are also building a factory in Bécancour, Que., that will make material for the batteries that power GM's electric lineup. This includes the Chevrolet Silverado EV, GMC Hummer EV and Cadillac Lyriq.

"We're in this really pivotal moment, where Canada is coming back and we're regaining our position as a top auto-manufacturing country," said Joanna Kyriazis, a senior policy adviser at Clean Energy Canada.

While Ms. Kyriazis welcomed Stellantis' latest announcement, she said she would have liked to see the automaker commit to a vision for its Ontario plants focused squarely on electric vehicles rather than moving toward what Stellantis called a "flexible multienergy vehicle architecture."

The Prime Minister's presence in Windsor on Monday is in line with his government's efforts of late to show that it is serious about forcing a faster change in Canadians' driving habits and reducing the country's greenhouse gas emissions.

In their March emissions-reduction plan and their April budget, the federal Liberals detailed initiatives aimed at greening the transportation sector, which accounts for more than a quarter of the country's emissions.

Despite pushback from automakers, the government said it will ramp up its ambitions when it comes to sales mandates for zero-emission vehicles (ZEVs), including by introducing a new short-term target of 20 per cent of all light-duty vehicle sales by 2026. That will climb to 60 per cent in 2030 and 100 per cent in 2035. The government said it wants to see ZEVs make up 35 per cent of medium- and heavy-duty vehicle sales by 2030.

In Canada, plug-in hybrid electric vehicles and battery electric vehicles made up 6.2 per cent of new vehicle registrations in the fourth quarter of 2021, up from 4 per cent in the same period in 2020 and 2.9 per cent in the same period in 2019.

To make the move away from internal combustion engines more affordable for Canadians, the Liberals are expanding the incentives program for ZEVs to include more expensive options, such as vans, trucks and SUVs.

Mr. Stewart of Stellantis said the minivan plant in Windsor will be retooled in 2023 to make "multienergy" vehicle components for several models. The Brampton plant, which currently builds muscle cars, will be refit to make electric components and one electric vehicle. Mr. Stewart said it is too early to say which vehicles will be made in Ontario.