

1997 retooling brings Volvo's Halifax auto plant investment to \$30 million

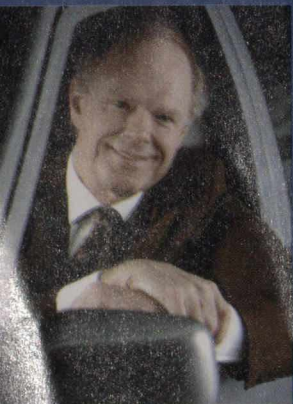
In addition to the North American Big Three, many other automotive manufacturers have set up assembly operations in Canada over the years. But the one that got here first was Sweden's Volvo, which established its first overseas plant at Dartmouth, Nova Scotia, in 1963.

As the manufacturing division of Volvo Canada Ltd. (VCL), the plant has been expanding steadily ever since, both in production volume and variety. Since 1987, Volvo has spent \$30 million on the facility, including upgrades and expansions. The most recent investment: \$2 million in 1997 to retool for production of Volvo's popular and prestigious five-door sedan, the S/V 70. Currently, most production is for the Canadian market, with some sales to the United States and other markets. (Volvo mainly serves the U.S. market from Europe).

Interviewed by *Canada Investment News*, Vice-President and General Manager Kaj Neilsen said, "In the first instance, Volvo was attracted by the Canada-U.S. automotive pact — as a domestic manufacturer we have benefited from the agreement. We chose Halifax over other possible locations because it is the closest Canadian port to Sweden."

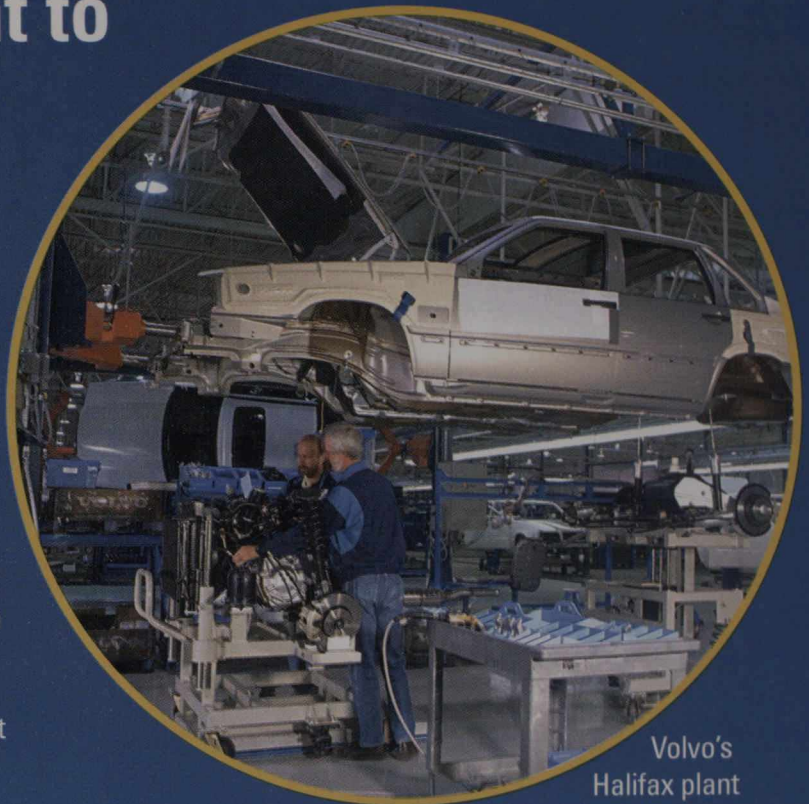
Since then, he says, other local assets have kept the plant in Nova Scotia. One of the most important is human resources.

"Also we have a highly productive and stable workforce. The combination of a strong marketing strategy and a quality product will result in sales of over 10,000 vehicles in 1997."



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Volvo's Halifax plant

is what the industry

calls an SKD (semi-knocked down) assembly operation, meaning that it assembles cars from components shipped in by Volvo from elsewhere. In October 1997, it became a COP (Customer Order Production) assembly plant for the Canadian and Northeast U.S. market.

As such the plant assembles vehicles ordered by dealers allowing additional flexibility and

shorter lead time from customer order to delivery.

In 1996, the 65,000 square-foot plant rolled out 7,200 vehicles a year and won laurels as the top quality performer among Volvo car assembly plants. ♦

