
Exports of Canadian-made parts to Japan are presently limited to aluminum wheels, windshields, tires and some minor components, worth approximately \$65 to \$70 million annually.

The *major challenge* for Canadian parts manufacturers continues to be convincing Japanese assemblers to source more parts in Canada, as they presently import a large volume of parts from Japan for their operations in Canada and elsewhere in North America. In recent years, Canadian manufacturers have been able to become suppliers to Japanese transplant operations in North America. Some 30 to 35 Canadian companies are accredited suppliers, out of a total of about 400 Canadian auto parts manufacturers.

To become suppliers to Japanese assemblers, Canadian auto parts manufacturers must accomplish the following:

- develop the product to buyer's specifications;
- improve and maintain quality;
- achieve just-in-time delivery;
- implement quality-circle (QC) activities which engage all employees in productivity and efficiency improvement; and
- implement *kaizen* activities such as waste elimination and the reduction of costs, defects and inefficiencies in processing, transportation and inventory.

Increasing numbers of Canadian companies are taking steps to improve their production efficiency to become competitive and suitable suppliers to the Japanese assembly operations in both North America and Japan.

II. The Action Plan

To optimize the use of Canadian auto parts by Japanese-owned assembly plants in North America, it is necessary to increase the level of domestic auto parts sourcing, increase parts and major components manufacturing investment, and facilitate and encourage technology acquisition and joint venture activities.

To do this, Canadian parts manufacturers must be made *aware* of the market opportunities offered by Japanese assemblers in North America and Japan, then they must *adapt* (or develop) their products to suit Japanese requirements and, finally, they must *promote* their products (sell their capability) effectively to Japanese buyers.