

## PROSPECTS FOR THE NORTH AMERICAN INDUSTRY

Producers in all producing countries face many challenges in the years ahead. None more than the North American industry. While progress is being made and North American producers have succeeded in lower their breakeven points, lead times to adopt more competitive production systems and redirecting production workers and management are considerable. New designs and manufacturing techniques are being developed to reduce the minimum economic scale and the manpower requirements of automobile production. Although the automobile industry will continue to be a dominant factor in manufacturing in North America it may have peaked as a producer and employer of labour. The North American industry's future competitive position is jeopardized by the growing presence of the Japanese automobile in the North American market.

The future size and strength of North American automobile producers will be influenced by the total level of North American automobile sales, the competition of North American producers, the degree of import penetration and the extent of participation by Japanese and other off-shore producers in the mid-size and large car markets. There will also be a challenge from the North American subsidiaries of Japanese and other off-shore suppliers whose output is expected to supplement rather than replace imports.

Despite major gains in productivity by North American producers since 1981, Japanese automobile producers appear to have maintained or increased their