II - CONCLUSIONS OF THE PEAT MARWICK STUDY

The U.S. Department of Commerce (USDOC) reports that total U.S. shipments of automotive parts and accessories in 1987 were valued at $61.5 billion (U.S.). The value of U.S. exports for 1987 was $14.1 billion (U.S.), while U.S. imports were valued at $20.9 billion (U.S.). The USDOC anticipates that over the long run, U.S. shipments of automotive parts will increase by 2-3% annually. The U.S. trade deficit in this sector is expected to rise to $8.3 billion (U.S.) in 1988. U.S. imports of automotive parts in 1987 increased by 14.6% over their 1986 levels. Canadian imports, however, experienced the lowest rate of growth for the period of all the major countries supplying the U.S. auto parts market.

For the particular automotive parts and accessories that were the focus of this report (a list of these product groups is provided on pages 9 and 10 of this report), total U.S. imports were roughly $22 billion (U.S.)[1] in 1987, and they have increased 260% since 1982. Over this period of time, Japanese exports have generally gained market share at the expense of both Canada and Europe. In addition, exports to the United States of automotive parts manufactured from newly industrialized countries (NIC's) such as Mexico, Brazil, South Korea and Taiwan have also experienced strong growth, increasing 375% from 1982 to 1987.

Of the product groups studied for this report, the largest import market is for "Parts, nspf[2] for motor vehicles" (Schedule A 7880085). This commodity group includes items such as rubber mounts, automotive airfoam, torsion bars, tie rod assemblies, environmental system parts, universal joints, power train parts, wheel covers and all other automotive parts not elsewhere classified. Estimated U.S. imports for 1987 for this group of products are $7.5 billion (U.S.) of which Canada supplies $3.3 billion (U.S.).

U.S. importers contacted during the survey, which was conducted in early 1988, were mainly suppliers of OEM parts. However, many of the same conclusions derived from the survey

1 The value of imports for the 34 product groups selected for analysis in this report exceeds the value of total imports reported by the USDOC in its *U.S. Industrial Outlook* publication. This is due to the fact that there is no universally accepted list of product groups which should comprise the automotive parts and accessories sector. Product groups have been included in this report that are not part of the USDOC's definition. Also, some product groups encompass more than the automotive sector.

2 Not specifically provided for