

could also accelerate employment reductions at existing plants, particularly if their operations are simply assembly of largely imported components which more than replace their direct imports. This is a major concern, particularly to the parts industry, but no less serious to workers in assembly plants that may be closed.

To improve their competitiveness, many world automobile producers are purchasing imported components for use in the final assembly of automobiles. This procedure is used most extensively by North American automobile manufacturers. Import sourcing is being used to reduce production costs, increase quality, reduce lead times for major components and to ensure more reliable service. The U.S. International Trade Commission estimated that in 1983 the major North American automobile producers together imported over 2 million engines and 1.5 million transmissions and transaxles as well as substantial quantities of components such as wiring-harnesses, radios and stampings which only five years ago were produced in North America.² According to the Department of Regional Industrial Expansion the percentage on a value basis of foreign content sourced by the major North American producers for incorporation in automobile assembly will increase from 6 per cent in 1985 to 16 per cent by 1990.

² The Internationalization of the Automobile Industry and Its Effects on the U.S. Automobile Industry, USITC Publication 1712, June 1985, p. 5.