
AUTO PARTS

Canada has striven to maintain an internationally competitive automotive sector with unimpeded access to the U.S. market. This strategy complements the current relationship between the Canadian and Japanese auto industry.

Efforts over the last decade or more have resulted in \$1.5 billion worth of Japanese auto assembly investment in Canada by Toyota, Honda and Suzuki, as well as some 26 additional Japanese investments in auto parts, tooling and material.

Present strategies seek to increase parts sourcing, parts investment and drive train investment, and to promote technology acquisition and joint venture activities, along with R&D expenditure in Canada.

Internationally, the automotive sector is characterized by production over-capacity and soft demand. These conditions have resulted in a very competitive market environment, particularly in North America and the European Community, and, to a lesser extent, in Japan.

Canada has experienced an ongoing trade deficit with Japan in the automotive sector; in 1992, this deficit was \$5.0 billion. Domestic sales of Japanese-brand light vehicles (including vehicles imported from Japan, as well as those assembled in North America but excluding captive imports by the "Big Three" companies, i.e. GM, Ford, Chrysler) accounted for 25% of the Canadian market in 1992.

The successful conclusion of the Uruguay Round should result in the elimination of Japanese tariffs on auto parts, thereby assuring duty-free access to the Japanese market for Canadian auto parts for the OEM and after-market sectors.

I. Market Opportunities

Market opportunities for Canadian auto parts manufacturers are two-fold:

- supply a larger share of the parts required by the Japanese-owned assembly plants in North America, and

- export Canadian-made parts and components to Japan.