SECTOR: Transportation Systems and Related Equipment

SUB-SECTOR: AUTOMOTIVE (ORIGINAL EQUIPMENT)

Officer: A. McBride

U.S. Market Opportunities: The motor vehicle and parts industry is one of the largest sectors of the U.S. economy, accounting for approximately $215 billion of the nation's $5.2 trillion GNP in 1989, or 4.1 percent of the total. The struggle for market share and the new offshore entrants has resulted in quality consciousness, new products, and shortened development cycles. U.S. industry has invested an additional $11.7 billion in new plants and equipment during 1990 to improve its competitive position.

Automobile sales in early 1991 are expected to continue the decline that began in 1989, and then pick up toward year end to achieve total sales of 9.3 million units. 9.7 million units are projected for 1992. Retail truck sales should reach 4.720 million units in 1991, increasing to 4.770 million units during 1992.

Canadian Capabilities: With the exception of the Big Three subsidiary operations, the Canadian OE sector consists of parts manufacturers, many U.S. owned. That portion under Canadian ownership is undergoing a process of rationalisation and downsizing to meet the challenge of global competition. To survive and be profitable, strategic alliances, R&D, high quality products, and more aggressive marketing are options the industry must consider. For example, Canada has particular expertise in the manufacture of equipment, both original and aftermarket, for the physically disabled, and alternate fuelled vehicles. Within these two areas of expertise, Canadian manufacturers have met the challenge of global competition, and are recognized as having specialized technology.

Strategy: The following strategy and activities drew on the views of the Original Equipment Manufacturers (OEM) Steering Committee, made up of representatives of EAITC, ISTC, APMA, and the Provinces of Ontario and Quebec.

To increase the international profile of the Canadian automotive industry by assisting financially with participation in trade shows, organizing seminars, exchange visits and disseminating related information.

To maintain and augment the level of sourcing of Canadian car and truck components by the BIG THREE in the U.S. through formal and informal networking, coordinated visits and meetings by industry and government specialists.

To disseminate highly competitive intelligence to industry by researching and circulating information/statistics/new initiatives etc. emerging from the U.S. marketplace.