

d) Canadian Success Stories

Areas in which Canadian firms have done well include brake parts (chiefly asbestos products), sealed beam headlights, and hose clamps. In the case of brake parts, Canada would seem to enjoy a natural advantage in raw material availability and manufacturing capacity. In the case of sealed beam headlights, Canada's share of Australian imports tripled (to \$1,169,320) from 1977-78 to 1978-79 - almost matching the figures for the U.S. and Japan in the latter period. The main catalyst to that development was the relative decline of the Canadian dollar in terms of the other two currencies over the period. Imports from the Federal Republic of Germany went from a low base to \$4,870,460 over the same period due to design changes in headlights. In the case of hose clamps, Tridon has done well by establishing a distribution centre in Australia and appointing local agents and distributors.

e) Market Considerations

As previously mentioned, the Australian automotive industry is highly protected by tariffs and quotas. The tariff on imported vehicles is 57.5 per cent. On parts it is 25 per cent. However Canada receives a preference, thereby dropping the tariff to 17.5 per cent. A complementation scheme is also in effect that allows parts and vehicle manufacturing to offset imports with exports to a limit of 20 per cent of production.

Australian distribution channels are similar to those in Canada and the U.S. OEM manufacturers produce in-house and procure their supplies directly from suppliers, either through the head offices in North America or Japan, or directly through the Australian purchasing office.

The main channels of distribution in the aftermarket are retail, wholesale, wholesale distributors, jobbers and distributors. As in North America, channels are inter-linked and complex. It is extremely important to target the particular channel that best suits the product and to obtain a qualified, reputable representative.

f) The Action Plan

To ensure Canadian exporters a substantial share of the components Australian companies import from abroad, the major Canadian marketing efforts are mapped out below: