undertaken by the vehicle manufacturers. Parts facilities without design/testing capabilities may thus be relegated to sub-contractor status, i.e., Tier 2 or Tier 3 suppliers.

Growing role of Canadian-owned firms. Another significant development of the 1970s and 1980s has been the growing Canadian ownership share of Canada's parts manufacturing capacity. This share is currently estimated at 20 per cent, versus 4 per cent early in the last decade.

A number of Canadian firms have emerged as significant North American players. Examples include Magna International (a widely diversified supplier with many small production facilities), the Woodbridge Group (insulation, plastic trim, seating) and A.G. Simpson (metal stampings).

New foreign investment. The traditionally dominant U.S.-owned branch plants are also being joined by an increasing number of overseas-based players and joint ventures. Several dozen Japanese parts firms have established a manufacturing presence in Canada (most commonly via the joint venture route) and these have been joined by at least 40 European-based companies.

Globalization. The growing presence of overseas-based parts suppliers as producers in Canada may be said to be one manifestation of the globalization of the automotive industry. Another is the growing consumption of overseas-manufactured components by Canadian vehicle assemblers.

d) Aftermarket Parts Subsector

Aftermarket parts and accessories (here defined as all components installed in a vehicle *after* it leaves the point of assembly, including dealer-installed accessories) accounted for 13.8 per cent of total Canadian automotive parts production, or $1.7 billion in shipments, in 1985. At that time, just under 10 000 workers were employed in the production of aftermarket parts in Canada. Much of this output is by OE-oriented parts makers supplying primarily dealer service departments. The remainder is by aftermarket-oriented suppliers, primarily U.S.-owned, but also including some mostly smaller, specialized Canadian players. American-owned firms dominate Canadian aftermarket production more thoroughly than they do the OE sector. The leading Canadian firms include Tridon (wiper blades, signal flashers) and a number of brake part manufacturers. There are numerous small accessories suppliers with local or regional distribution.

Plastic components and stampings were the largest single categories for Canadian aftermarket parts production in 1985, together accounting for about one-third of the total.

e) Concerns about Future Canadian Competitiveness

Despite the strong competitive advantages previously discussed, the Canadian share of North American parts production is seriously threatened over the next several years by exchange rate fluctuations and competition from low-cost producers in the southeastern U.S. and Mexico. The US$.85 level, which the Canadian dollar exceeded in late 1989, is considered a critical threshold for Canadian competitiveness in the parts subsector. This situation increases the attractiveness to current or potential Canadian producers of the American "sunbelt" with its lower wage and benefit scales and anti-union "right to work" legislation. Indeed, the southeastern U.S. states at this point represent a more formidable competitive threat to Canadian parts manufacturing than