

A variety of high-quality parts and accessories is available from the Canadian manufacturers — brake shoes and linings, shock absorbers, windshield wiper blades, wire and cable products, windshields, fuel pumps, car heaters, exhaust systems, testing equipment, as well as do-it-yourself packaged consumer products. Many of these are applicable to European and Japanese as well as North American vehicles.

Canadian automotive parts are also supplied for a broad range of vehicle types, from passenger cars to 181.4-tonne trucks, intercity and urban buses, recreational vehicles, special vehicles such as garbage compactors or airport sweepers, and a host of others. The high volume production, of course, relates to automobiles, from the most compact to the largest North American type. Many firms are also able to handle small runs economically.

Canada-U.S. Auto Pact

A major influence on Canada's automotive industry was the signing in 1965 of the Canada-United States Automotive Products Trade Agreement.

This agreement, generally referred to as the Auto Pact, established conditions for uniting the markets for original equipment vehicles and parts in the two countries, and permitted a rationalization of production leading to greatly increased efficiency in the Canadian manufacturing sector.

The three main objectives of the Auto Pact were:

- to create a broad market for automotive products within which the full benefits of specialization and large-scale production could be achieved;
- to liberalize the automotive trade between the United States and Canada, reducing or eliminating tariff barriers and other factors tending to impede it, so that both countries could participate in a fair and equitable basis; and
- to develop conditions in which market forces might operate effectively to attain the most economic pattern of investment, production and trade.

Role changed

Much has happened since the Auto Pact and the role of the Canadian parts manufacturers has changed. Instead of being just a domestic supplier to a small national market, the Canadian parts manufacturer is now a competitive North American and international producer.

Exports of parts and accessories to the United States were valued at only \$70 million before the pact, or just 11 per cent of a total \$680 million production.

Canada, like the United States, is also experiencing a significant slowdown due to current world economic conditions. The industry remains confident of an early return to stability, however.

Vehicle output increased from 671 000 units in 1964 to 1.8 million in 1979, up

170 per cent. Industry employment in the same period increased by about 49 per cent from 69 000 to 118 000 and it is estimated that employment increased by some 50 000 in the related services and supplies industries.

Aftermarket sales are more closely related to the number of motor vehicles in use that require normal maintenance for the replacement of such items as spark plugs, batteries and windshield wipers.

Mostly, replacement parts are supplied to the retail sector through independent warehouse distributors, wholesalers and mass merchandisers. They buy parts from manufacturers and sell them to service stations, garages, fleets and specialty shops. This market is also extremely competitive, and Canadian producers have again proved themselves highly efficient at supplying the necessary parts to even the most remote regions.

Based on Canada's excellent delivery record, the automotive parts industry is currently exporting to many countries other than the U.S. Distance — between Canada and markets such as Australia has not been a deterrent — with Canadian companies anxious to supply their automotive expertise, products and services to even more world markets.

Technological change

Faced with the new era of massive technological change to meet government safety and emission standards, as well as fuel economy, the industry has entered a period of unprecedented change. As vehicle manufacturers must produce lighter-weight, more efficient vehicles, the Canadian auto parts and accessories industries are also investing heavily into retooling plants to meet the demands. Canadian producers are actively pursuing the opportunity of not only maintaining present markets but improving their share of new markets.

Despite difficulties resulting from currency fluctuations in recent years, Canada has unique attractions as a supplier of auto parts, particularly in "energy-short" countries. For example, aluminum engine components cast at Kitimat, British Columbia, could become a potential source of supply for Japanese and European manufacturers.

Through a consistent program of research and development, new techniques are being acquired continually by Canadians to cope with the changes now required by both North American and foreign vehicle producers.



Canada participates in international automotive parts trade shows in many parts of the world. In addition, to this one in Chicago, a great amount of interest has been shown in Canada's exhibits in Europe, Australia, Peru and Venezuela.