

## EXECUTIVE SUMMARY

This report addresses one of approximately 80 sectors reviewed as part of a broadly-based study commissioned by the U.S. Trade, Tourism and Investment Development Bureau of the Department of External Affairs. The objective of this study is to provide a preliminary indication of potential opportunities for the expansion of Canadian exports into the United States. The findings in each report are based on an analysis of U.S. trade statistics and a limited survey of U.S. importers and trade associations from a broad cross-section of the U.S. industry.

The purpose of each report is to assist Canadian companies in identifying potential export opportunities that may justify further investigation. While the reports do not provide analyses of Canadian export industries or their international competitiveness, they do provide other kinds of information that should be useful. For example, each report provides information on individual companies that have indicated an interest in new sources of supply, some of which are quite specific. Information on U.S. import market size and shares and on industry publications and trade fairs that the companies surveyed felt were most useful are also provided. As such, individual reports in the series should be of particular interest to small and medium-sized Canadian companies that either are not yet exporting or that would like to increase their level of exports to the United States.

Auto parts is one of the sectors examined during the study. The U.S. automotive parts and accessories sector is composed of numerous product groups. Thirty-four of these product groups were chosen to form the focus of this report. Together, these product groups accounted for \$22.1 billion (U.S.) in imports to the United States in 1987. Of this total, \$7.6 billion (U.S.) or 34.6% of those imports came from Canada, while Japanese imports amounted to 29.8% and those from Western Europe, 20%. While exports of auto parts from Canada to the United States increased by 5% between 1986 and 1987, this growth rate was the lowest achieved among all major countries exporting such parts to the U.S. market.

Automotive parts imported into the United States serve two distinct market segments; the original equipment market (to which the report is directed) and the replacement market (or aftermarket). DesRosiers\*, by grouping U.S. Department of Commerce statistics, estimated the value of imports

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\* DesRosiers Automotive Research Inc.