



# Strong parts sector is an asset for auto manufacturers in Canada

**T**o automobile manufacturers, one major benefit of a Canadian location is the presence of a well-established and robust auto parts industry.

And, as Neil De Koker, President of the Canadian Automotive Parts Manufacturers Association, sees it, Toyota's choice of Canada for expansion constitutes "a great vote of confidence in the Canadian auto parts sector" and he estimates that once production reaches 200,000 vehicles per year, the new plant should add about \$400 million in annual sales for the industry.

This will contribute to already impressive international totals. Although the bulk of the industry's production goes to Canadian and U.S. auto assembly plants, Canadian auto parts manufacturers sell about \$1 billion worth of products each year to Japanese vehicle manufacturers in North America, and about \$350 million to European-based manufacturers.

In recent years, economic recovery and favourable currency rates

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have sparked a boom in the industry based on orders from assembly plants in both the United States and Canada. Auto parts sales in 1994 were estimated to be

\$18.1 billion, up 11.3 per cent from the previous year.

Productivity has been rising too. The industry's 1994 sales were achieved with a workforce of

81,500, compared with 90,100 in 1989 when production totalled \$15.4 billion.

Furthermore, De Koker points out, this gain in productivity was registered in a period which combined virtually no inflation with considerable price reductions to customers.

In response to the boom, Canadian parts manufacturers have been expanding and modernizing. The industry has invested an average of \$850 million a year since 1986 and the 1994 total is expected to top \$1.7 billion.

The Canadian industry competes directly with U.S. and other counterparts throughout the world. Eighty per cent of its sales are to the United States. ♦

## **Canadian Auto Production**

Between 1992 and 1993, Canadian auto production moved from 6th to 5th in the world in terms of volume. Total

1993 production was 2,246,202 units, produced in 28 plants.

