

added generated in the industry by 2010. The share of value added generated by OEMs (including assembly) is predicted to decline considerably from its 2000 high to 26.4%, slightly more than one quarter of the industry. For these firms, assembly wages are predicted to decline from 35% of their value added in 1990 to 23% in 2010. Clearly, high value added activities in the automotive sector increasingly means parts and R&D.

Table 5.2 Breakdown of the total value added generated by automotive sub-sector

(billion USD)	1990	2000	2010
Total automotive sector (U.S.)	\$291.0	\$432.0	639.5
Distribution	\$36.0	\$43.0	\$64.6
(Advertising – dealers – freight)	(12.4%)	(10.0%)	(10.1%)
Vehicle manufacturers – wages	\$25.2	\$31.2	\$39.1
	(8.7%)	(7.2%)	(6.1%)
Vehicle manufacturers — other value added (design, R&D, investment)	\$46.2	\$97.2	\$129.9
	(15.9%)	(22.5%)	(20.3%)
Parts & components	\$169.7	\$241.9	\$384.2
	(58.3%)	(56.0%)	(60.1%)
Other material inputs (energy, warranty,...)	\$13.9	\$18.7	\$29.5
	(8.2%)	(4.3%)	(4.6%)

5.3 Policy

To gauge the importance of different policy options for the industry, it is useful to take a look at the answers Canadian parts suppliers gave to the previously mentioned APMA survey. On a scale from 1 to 7 firms were asked to rate the usefulness of different policy initiatives on a list of 20. The results of this survey are in Table 5.3. The first column indicates the number of suppliers that find the initiative useful (more than moderately so); the second column is the fraction of respondents that find the policy initiative “very useful” or rate its usefulness “extremely high”; and the third column sums the two groups. The different initiatives are organized in order of total support—any answer from 5 to 7.