

An emerging trend is to have dedicated suppliers, linked to the final assemblers, although not necessarily integrated with the final assembler, supplying minor and finished parts at the point of final assembly. Senior industry executives interviewed in connection with this study predict that the development of this process is likely to take place in the medium term. Some consider that the industry may merge the system described above with the traditional North American production system because some companies may be reluctant or unwilling to abandon the more efficient manufacturing plants within the existing production system.

While no apparent locational pattern is evident as yet some recent decisions may provide an indication of the future direction of the North American industry. In addition to developing external sources for internationally competitive components, subcompact automobiles and advanced small automobile technology, the three major U.S. automakers have announced internal programs for the production of new subcompact models. These manufacturing projects are designed to revise product development practices, change component materials used and improve assembly and manufacturing procedures. General Motors has announced that its Saturn Project will be located in Tennessee. This is relatively close to the new Nissan assembly plant. Both assemblers will be able to source from parts producers locating in the area. The Chrysler Corporation's Liberty Project will use component systems or a number of component modules similar to the assembly line practice used in Japan. Ford's Alpha Project is designed to study all facets of the company's production system to create a cost competitive small automobile probably using a number of imported components.