

SECTOR: Transportation Systems & Related Equipment

SUB-SECTOR: AUTOMOTIVE (AFTERMARKET)

Officer: A. McBride

U.S. Market Opportunities: In 1992-1993, the aftermarket sub-sector is expected to experience moderate growth after a prolonged period of economic instability. A high Canadian dollar, political uncertainty, and concerns about the implications of NAFTA on the manufacturing industry as a whole, will continue to pose obstacles to an immediate recovery. An increasing Asian market share in the original equipment sub-sector inevitably has forced change upon the aftermarket. Companies must adjust their products to ensure compatibility with imported vehicles. Yet American buyers still value quality, reliability, and price competitiveness as chief attributes in their purchasing decisions. These factors will ensure major opportunities for Canadian manufacturers in the US market.

CANADIAN CAPABILITIES: The automotive aftermarket is an \$8 billion industry in Canada. This sector consists of small, medium and large companies manufacturing and distributing automotive replacement parts, accessories, tools and equipment to the service trade which keeps Canada's 15 million vehicles moving. These companies employ more than 70,000 persons across the country.

Canadian parts and accessories exports to the US declined by 7.6% between 1989 and 1990. This decline was greater than expected as total passenger car sales in America fell by only 4.8%. The difference may be accounted for by domestic economic conditions, increased competition from Asia, and an abnormally high exchange rate that depressed exports. Our accessories manufacturers must continue to look south of the border if they are to survive.

STRATEGY: A Steering Committee (SC) has been established, consisting of representatives of EAITC, ISTC, AIA and the Provinces of Ontario and Quebec. The following strategy and activities reflect the Committee's 3-year strategic plan:

To raise the visibility of the AM sub-sector in the United States by participating in selected trade development events.

To gather and disseminate to industry information about market opportunities by attending U.S.-based industry meetings and seminars, and by publishing industry directories and guides pertaining to the U.S. marketplace.

To promote and develop the international competitiveness of Canadian Aftermarket products by conducting studies or projects to assist industry.