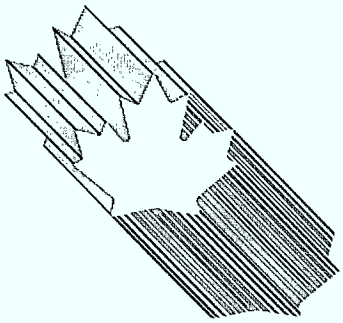
INDUSTRY

PROFILE

Industry, Science and Technology Canada
Industrie, Sciences et Technologie Canada

Light Motor Vehicles

Canada



INDUSTRY PROFILE

LIGHT MOTOR VEHICLES

1988

FOREWORD

In a rapidly changing global trade environment, the international competitiveness of Canadian industry is the key to survival and growth. This Industry Profile is one of a series of papers which assess, in a summary form, the current competitiveness of Canada's industrial sectors, taking into account technological and other key factors, and changes anticipated under the Canada-U.S. Free Trade Agreement. Industry participants were consulted in the preparation of the papers.

The series is being published as steps are being taken to create the new Department of Industry, Science and Technology from the consolidation of the Department of Regional Industrial Expansion and the Ministry of State for Science and Technology. It is my intention that the series will be updated on a regular basis and continue to be a product of the new department. I sincerely hope that these profiles will be informative to those interested in Canadian industrial development and serve as a basis for discussion of industrial trends, prospects and strategic directions.

Minister

Canada

Introduction

In broad terms, the automotive industry in Canada includes the manufacturers of motor vehicles (passenger cars, trucks, buses and specialty vehicles), motor vehicle parts and tires and tubes for use as original equipment in the assembly of motor vehicles as well as in the aftermarket. Automotive production is directly linked to many other key industries in Canada: iron and steel, fabricated metals, aluminum alloys, rubber, plastics, textiles, glass and chemicals.

In 1986, this wide range of automotive activities accounted for some 16 percent of total Canadian shipments of manufactured products and approximately 44 percent of the total of manufactured exports (fabricated materials and end products) to the United States. In 1986, automotive shipments reached almost $41 billion*, composed of $25.1 billion in automobile, truck and bus assembly, $12.2 billion in parts, $1.8 billion* in specialty vehicles and in excess of $1.8 billion* in tires and tubes. In the same year, total employment reached some 148 800* persons, with 49 800 engaged in automobile, truck and bus assembly, 16 600* in specialty vehicle production, 68 400 in parts production and 14 000* in the manufacture of tires and tubes.

In addition to light motor vehicles, profiles have been prepared covering:

- Automotive Parts
- Automotive Tires and Tubes
- Buses
- On-and Off-Highway Medium/Heavy-Duty Trucks
- Specialty Vehicles

1. Structure and Performance

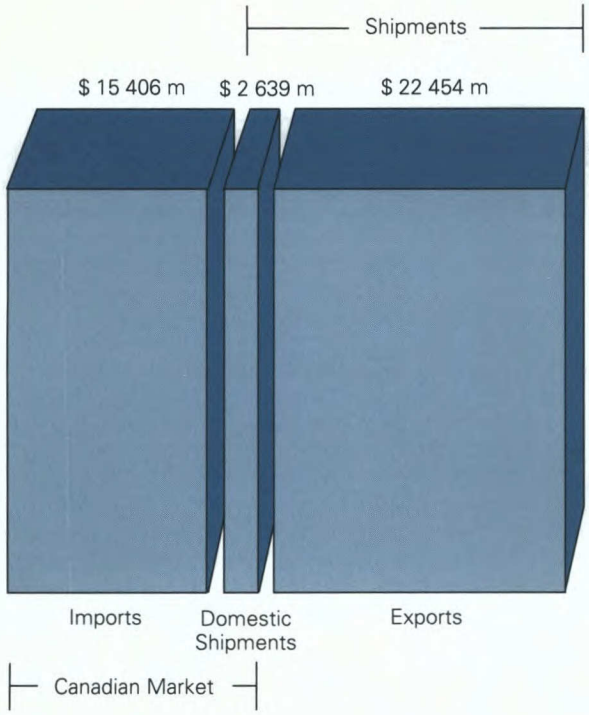
Structure

Like its counterpart in the United States, the Canadian motor vehicle industry can be categorized into the established, traditional North American vehicle assemblers and the new Asian-owned assemblers. These companies are engaged in manufacturing automobiles, trucks, buses, and specialty and off-highway vehicles. In Canada, the majority of activity is in light vehicle production, which includes automobiles, light trucks and vans (also known as light commercial vehicles) and personal-use mini-vans. It is this segment that is the focus of this Industry Profile.

In 1986, total Canadian vehicle shipments amounted to 1.8 million units. Light vehicle production represented about 99 percent of this total, and was valued at approximately $23 billion. Employment stood at some 43 000 persons. The industry accounted for $21.5 billion in exports in 1986, while imports of light vehicles were valued at $17.1 billion. These figures are Industry, Science and Technology Canada estimates. Light vehicle production only, and do not correspond with the data presented in the statistical tables, which cover all automobile, truck and bus manufacturing.

* ISTC estimate

Industry, Science and Technology Canada | Industrie, Sciences et Technologie Canada



Imports, Exports and Domestic Shipments 1986*

** The figures reported are from SIC 323 (Motor Vehicle Industry), which includes automobile, bus, truck chassis and truck tractor manufacturing of which light motor vehicle manufacturing constituted approximately 99 percent of production (by units) in 1986.*

Light vehicle production in Canada is dominated by three U.S. companies — Chrysler, Ford and General Motors, known as the Big Three — which operate wholly owned and controlled subsidiaries. The Big Three accounted for almost 100 percent of Canadian automobile, light truck, van and mini-van shipments in 1986.

The new Asian-owned assembly operations in Canada will begin to reduce the dominance of the Big Three. Honda is already in production; by 1992, when Toyota, Hyundai and General Motors-Suzuki are in full production in Canada, their estimated combined share of output in volume terms, based on the Big Three's automobile production in 1986, will equal some 31 percent.

The industry is heavily concentrated in southwestern Ontario; it is estimated to produce an average of between 85 and 90 percent of the total value of annual light vehicle shipments. The remainder is accounted for by General Motors in Quebec and Volvo in Nova Scotia.

The structure, ownership and export orientation of traditional assemblers in Canada reflect the industry's development under the Canada-U.S. Automotive Products Trade Agreement (Auto Pact), implemented in 1965. Under the Auto Pact, Canada allows duty-free imports of vehicles and parts on a Most Favoured Nation (MFN) basis, subject to participants meeting certain manufacturing performance requirements, known as the "safeguards." For its part, the United States restricts duty-free entry to eligible Canadian automotive products with at least 50-percent North American value.

Over the past 23 years, the traditional assemblers have operated on the basis of a rationalized North American industry serving the entire North American market. As a result, assembly operations in Canada have been able to derive the economic benefits of otherwise unattainable economies of scale. Only a small portion of the output from any one plant remains in Canada, with some 80 percent of total vehicle production exported to the United States each year. The remaining 20 percent stays in Canada. Exports to third countries have been virtually non-existent. Major American assemblers export about 10 percent of their annual production to Canada. In 1986, total North American vehicle production reached 13.2 million units; the Canadian share of this total was 14 percent.

Canada typically runs a vehicle trade surplus and a parts deficit with the United States. In 1986, the vehicle surplus with the United States stood at $10.8 billion. At the same time, Canada had a growing third-country vehicle deficit amounting to $3.7 billion. In that same year, the Motor Vehicle Manufacturers' Association (MVMA) reported that vehicles imported from outside North America took approximately 25 percent of the total Canadian market, of which the Japanese share was 17 percent. The remainder was taken mainly by the Republic of Korea, the European Community (E.C.) and various developing Asian and Latin American automotive-producing countries. Canada's third-country deficit is not only attributable to vehicles imported by Asian and European-owned companies but also to increasing volumes of vehicles imported by the Big Three (captive imports) to fill out their product range.

Canadian automobile sales in 1986 declined slightly from the record level in 1985, reflecting a downturn in demand which affected domestically produced and imported vehicles equally. Demand for commercial vehicles remained strong, however, exceeding sales in 1985, the previous record year. The increase was shared equally by vehicles produced domestically and offshore. Again, on the basis of the MVMA report, the share of imported commercial vehicles represented approximately 13 percent of the market, or about half of the imported automobile share.

Performance

No part of the global or North American automotive industry has remained unaffected by the energy-pricing crises of 1973 and 1979 and the more recent internationalization of the industry. Prior to 1973, automotive manufacturers and production systems were essentially stable, satisfying the particular demands of their home markets. North America had no real foreign competition until the middle of the last decade, except in the high-value luxury and sports segments. The Big Three held a dominant position in both Canadian and American markets. Production technology had not changed substantially for many years; manufacturers recovered high unit production costs through high volume output.

This situation resulted in a comparatively inflexible production system. The net result was to leave the Big Three poorly positioned to deal with a major shift in consumer demand which began in the 1970s. Buyers wanted the smaller, more fuel-efficient automobiles that had become increasingly available from offshore and, in particular, from Japan. As a result, the market share of vehicles imported from Japan in the North American market rose from approximately seven percent in 1973 to more than 22 percent in 1981.

In response to intense domestic political pressure to assist the restructuring of the U.S. industry, the American government negotiated an automobile export restraint agreement with Japan in 1981 which lasted until 1985. (Japan continues to limit automobile exports to the United States unilaterally.) Japan also began to restrain exports to Canada in 1981. Currently, both the Canadian and Japanese governments monitor vehicle sales in the Canadian market with a view to preventing market disruption.

In response to the new global challenge, the Big Three undertook record-setting investments in North America to secure their future in a market increasingly vulnerable to import penetration. These expenditures were made in spite of a downturn in vehicle sales between 1980 and 1982, although this decline was mitigated to some extent by the 1981 implementation of the Japanese export restraint arrangements described above. A new range of products and advanced production methods was introduced, providing the industry with enhanced process flexibility, which allowed companies to adjust the production mix more rapidly in order to meet changes in consumer choice with greater accuracy and efficiency.

At the same time, the Big Three intensified efforts to develop long-term, outward-looking strategies to improve their competitive positions. Each entered into equity investments, joint ventures, licensing arrangements and technical agreements with offshore assemblers to benefit from their expertise, while securing sources for a range of vehicles to complete their own product offering.

In addition, they began to work on reducing the fixed costs associated with in-house parts production. The adoption of certain features of the Japanese production system began to result in less in-house parts production and fewer direct suppliers. Assembly production schedules, and inventory- and quality-control systems are only some of the production processes and controls that are being adjusted. The result will be a fundamental realignment in the assembler-supplier relationship, which is expected to have a major impact on the North American parts industry.

Overall, the traditional North American assembly industry has returned to profitability and strengthened performance. However, in spite of the successful development of a range of new competitive vehicles, it has not recaptured the share of the market lost to imports over the past decade.

The operations of the Big Three in Canada have tended to reflect the adjustment pattern seen in the United States between 1979 and the present, with two principal differences. First, all Canadian assembly plants remained in operation during the depth of the downturn in the early 1980s, largely because there was a shortage in the United States at that time of the mid-size and larger rear-wheel-drive, Canadian-made models, whose popularity remained strong. Second, decisions to award product mandates for the new generation of front-wheel-drive automobiles were, in general, slower to come to Canada; hence investment lagged somewhat.

Notwithstanding this slower start, the Big Three assemblers have undertaken major investment programs in Canada. All the Canadian passenger car plants have been re-tooled for the new front-wheel-drive generation of light vehicles, with the exception of one Ford facility which continues to produce rear-wheel-drive automobiles. The Big Three report that the total of their investments, begun in Canada in the early 1980s, will exceed $12 billion by the end of this decade.

The financial performance of the Big Three in Canada reflects the strength of the market for their products as well as such variables as product mix, new line start-up costs, plant renovations, labour-management relations, security of parts and material supply, as well as sales incentives and low-rate financing programs. Overall, the financial performance of the Big Three has improved dramatically from the losses experienced in 1981 and 1982. Assemblers continue to work to control costs in an effort to lower unit production costs.

Over the past 10 years, Asian assemblers have committed approximately $6.1 billion in automotive operations in North America, of which some $1.5 billion has been announced in Canada. Honda (Canada) began production in 1986 and has the North American production mandate for one of its models. The General Motors-Suzuki joint venture, known as CAMI Automotive Incorporated, will be a full-scale plant, supplying both the Canadian and the U.S. markets. Toyota (Canada) is scheduled to begin production in 1988 and Hyundai (Canada) in 1989.

2. Strengths and Weaknesses

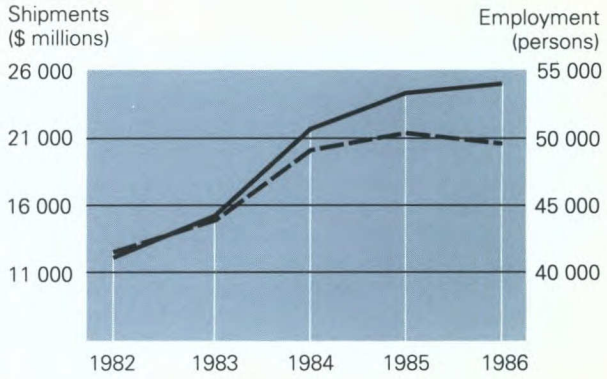
Structural Factors

The North American market remains the largest and most mature automotive market in the world. With an established and efficient distribution system reaching a sophisticated consumer market, it is also the easiest of the world's markets for foreign producers to enter. This situation has enabled efficient and competitive foreign automobile producers to gain a substantial share of the North American market.

The new standards of competitiveness have changed the North American automotive market radically. Today price, quality and consumer preferences play a much more important role than in the past and manufacturers are increasingly forced to meet specialized consumer demands while maintaining quality and controlling costs.

Automation and other cost reductions in traditional North American plants have helped to lower break-even points. Big Three state-of-the-art plants in Canada and the United States are comparable to the best plants in Japan or the new Asian-owned operations on this continent. At the same time, it is not always necessary for a plant to be state-of-the-art in order to be competitive at a given time. There are numerous examples of conventional plants across North America that operate efficiently, profitably and competitively. The critical issue is whether or not a market exists for the particular model produced under the production system and cost structure in place at the particular plant.

The Big Three are working more closely with component suppliers to ensure that consultation on financing, design, quality and costs take place co-operatively, along the lines of the Japanese production system. This change implies that the Big Three can be expected to work increasingly towards developing long-term, co-operative "supplier families."



*Total Shipments and Employment**

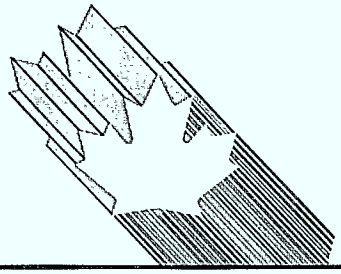
** The figures reported are from SIC 323 (Motor Vehicle Industry), which includes automobile, bus, truck and truck chassis manufacturing.*

*** Statistics Canada* — Inventories, Shipments and Orders in Manufacturing Industries, *Cat. 31-001.*

**** Statistics Canada.*

The strengthening of the yen against the U.S. and Canadian dollars has also reinforced the ongoing trend towards increased Asian investment in North America. The growing presence of Japanese-owned assembly operations is rapidly changing the North American industry profile. Vehicles from new plants already operating in the United States have been available for several years, while automobiles from Canadian facilities are just entering the market. These new assembly sites, together with others under construction, are projected to add 2.1 million units of automobile production capacity by the year 1992 to currently existing North American levels. Of this total, some 430 000 units of production capacity will be located in Canada.

The rapid appreciation of the yen has meant decreased profit margins from North American sales of exports from Japan, but all indications are that the industry is adapting quickly. Vehicle production in Japan has responded to the changing economic circumstances through the application of cost-cutting measures and higher prices with little or no damage to its market performance. To counter reduced profit margins from North American sales, Japanese corporations are steadily moving towards the production of more specialized and expensive mid-range automobiles and even luxury models, whose profit margins are higher. Entry into this market segment is expected to exert considerable pressure on the Big Three and on European manufacturers selling in North America, which have traditionally gained their greatest sales volume and revenues from this segment.



Canadian Big Three assemblers have demonstrated an ability to compete with U.S. plants within a traditional, rationalized, North American production scheme. Overall, Canadian production systems, material and production costs and levels of applied technology compare favourably with those of equivalent U.S. assembly facilities. Canadian plant productivity, measured on the basis of vehicles produced per worker, is also comparable with U.S. levels. On the basis of data collected over the last 10 years, the U.S. Bureau of Labour Statistics estimated Canadian hourly compensation costs for motor-vehicle and equipment production workers to have represented 70 percent of comparable U.S. costs on average. The Canadian advantage is largely a reflection of favourable exchange rates and, to a lesser extent, the lower corporate contributions to the benefits and pension portion of the payroll. Thus from an operational perspective, most Canadian plants are well placed to compete for future investments within the parent corporation.

However, with increasing internationalization and competition, the traditional industry has come under mounting pressure to adapt to a changing world environment. Competitiveness in the Canadian context, therefore, implies not only how well assembly operations in Canada fare against sister plants in the United States, but how well the North American industry as a whole fares against Asian competition — both from offshore plants and the Asian-owned operations on this continent.

Trade-related Factors

The prevailing tariff rates on motor vehicles entering Canada are 9.2 percent for Most Favoured Nation (MFN) countries and 6.0 percent for countries under the General Preferential Tariff (GPT) system.

Apart from specific environmental and safety controls, Canada has no technical standards in place on motor vehicles acting as non-tariff barriers.

Imports from Japan are monitored by both the Canadian and Japanese governments on a continuous basis with a view to avoiding market disruption.

The U.S. MFN tariff rates are 2.5 percent on passenger cars and 25 percent on light trucks. Under the terms of the Auto Pact, Canada extends conditional duty-free entry to qualified automotive products from all MFN countries, subject to certain performance-related requirements to be met by participating Canadian vehicle manufacturers. As noted earlier, the United States restricts duty-free access to motor vehicles and original equipment parts originating in Canada and containing at least 50 percent North American content by value.

The European Community (E.C.) tariff rates on automobiles and trucks are 10 and 22 percent respectively. At the present time, various technical standards are in place on a country-by-country basis. Certain E.C. member states have restrictive import measures in place either at the government or the industry-to-industry level, to limit Japanese vehicle imports.

Although Japan has no motor-vehicle tariffs, internal tax policies and various distribution and cultural practices inhibit access.

Under the Canada-U.S. Free Trade Agreement (FTA), bilateral tariffs on vehicles and original equipment parts will be phased out over 10 years and aftermarket parts over five years. The Canadian provisions of the Auto Pact remain unchanged, although only those companies listed in the FTA will be able to participate. Companies participating in Canada must continue to meet Auto Pact performance requirements to retain eligibility for duty-free imports from third countries after tariffs are phased out.

Under the FTA, vehicles and parts exported to the United States will be required to meet a new rule of origin requiring that 50 percent of the costs of production originate in North America. This rule is higher than the current U.S. Auto Pact requirements; it will encourage increased parts sourcing and provide opportunities for North American parts suppliers.

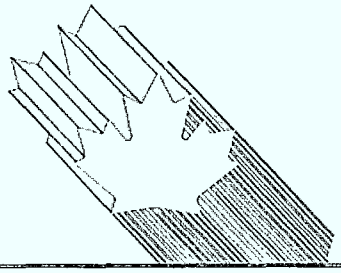
Production-based duty remissions will continue until January 1, 1996, for eligible manufacturers, while export-based duty remissions related to third countries will continue until January 1, 1998. Canada has also agreed to phase out the prohibition on the entry of used and second-hand vehicles from the United States over a five-year period.

A select panel will be established by the Canadian and U.S. governments to assess the state of the North American industry and to propose public measures and private initiatives to improve its competitiveness.

Technological Factors

North American automakers have had to undertake massive adjustments to introduce new product and process technologies to improve production efficiency, reduce costs and improve quality. Although the exterior of the car remains familiar, major changes have occurred within its interior. These include the shift to front-wheel-drive from rear-wheel-drive; reduced weight through the use of plastics, aluminum alloys and specialized steels; the introduction of electronic fuel-injection systems; small, efficient engines; and computerized management systems.

The efficient production of this new generation of vehicles has necessitated the adoption of new manufacturing concepts associated with the introduction of flexible, automated and robotized production together with computer-aided design and manufacture (CAD/CAM) and control systems. State-of-the-art North American assembly operations are generally equivalent to those in Japan; indeed, certain plants are superior. However, future competitiveness will be more and more related to the ability to link management, the work force and automated equipment infrastructures.



3. Evolving Environment

As noted in earlier sections, the Canadian vehicle industry has performed well under the principle of rationalized North American production established in the Auto Pact and reinforced in the FTA. However, medium-term forecasts indicate that the global automotive industry is approaching a serious supply and demand imbalance. According to some, the recovery of the North American industry over the past three years may have peaked, and current levels of production and employment may not be exceeded in the foreseeable future.

Slower growth through the remainder of this decade and into the next, and predictions that motor vehicle markets in Canada and the United States are approaching saturation, suggest that vehicle sales are unlikely to grow at more than one to two percent annually over this period. Thus continuing competition from imports, together with increasing output from Asian-owned plants in Canada and the United States in an environment of slow market growth and rapid technological innovation, are expected to increase the competitive pressure in North America over the next decade.

Japanese products continue to perform well. Japanese companies have proved their ability to move production offshore without losing either quality or production efficiencies. They have demonstrated the ability to absorb the increased costs associated with the upward movement of the yen without substantially raising prices. They are increasingly moving into the upscale intermediate market, the Big Three's traditional strength.

A good deal has been written recently on the probability of looming overcapacity in North America. However, supply already exceeds demand in the North American market and new assembly plants under construction are expected to add an additional 2.1 million units of automobile production capacity across North America by 1992. Some 430 000 units of this new capacity will be located in Canada. When it is added to what already exists, depending upon import levels, it could be concluded that there will be considerable surplus capacity. It is essentially this rationale, coupled with an assumption that imports will remain at the present levels, which has resulted in scenarios forecasting from two million to as much as four million units of excess automobile capacity in North America by 1992.

In addition to the emerging importance of Asian-owned automotive producers in North America, some 200 Japanese-owned parts manufacturers could be in production in Canada and the United States within the next two years. Their presence will continue to alter relationships between assemblers and suppliers and accelerate requirements to control costs associated with parts development, production and delivery.

Until recently, analysts have tended towards the view that the major competitive impact of the future environment would be on the Big Three (and their suppliers); that it would force them to downsize, close up to 10 plants and lay off tens of thousands of workers across Canada and the United States. This view is based on their relatively high fixed costs as compared to the new Asian-owned assembly plants, and the difficulties of raising prices sufficiently to cover costs in a tight market.

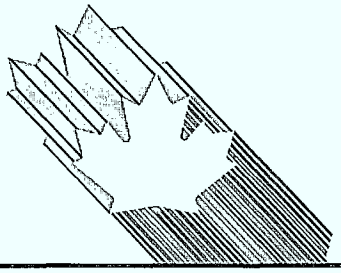
There are, however, several additional considerations which suggest that predictions of a massive capacity glut may be overly pessimistic. First, not all new capacity will come onstream simultaneously. Second, production from newly established Asian plants is expected to displace imports to some extent. Furthermore, the Big Three continue to take steps to deal with their own excess capacity. Each company has adopted capacity-cutting strategies and closed facilities, rather than operating at reduced rates in anticipation of eventually regaining lost market shares.

Although approaches vary from company to company, the objective of each is to be in position to operate plants at maximum efficiency levels. Essentially, these strategies set production levels at the low end of the business cycle, increasing them to peak levels as demand increases, rather than maintaining production at the high end of the cycle, with idling and lay-offs as demand slackens.

To date, Canadian Big Three assembly plants have not faced closures. This situation is attributed, in part, to the continuing popularity in North America of the particular models produced in this country as well as the overall advantages of certain Canadian locations over competing operations in the United States.

Notwithstanding this generally strong performance, it cannot be assumed that Canada will continue to escape capacity reductions. Plants could become vulnerable, particularly as production mandates from parent companies are modified or customer demand for particular products wanes. In addition, the Big Three import highly competitive models which are in direct competition with their own domestic production and which could, therefore, put certain operations at risk. On the other hand, the loss of product mandate does not necessarily imply plant closures, as facilities can be re-tooled successfully to produce new models.

The FTA reinforces the position of the Canadian assembly industry in a North American context. Auto Pact participants will continue to operate on a rationalized basis, as in the past, and other assemblers will be able to take advantage of duty-remission benefits to increase North American value-added and rationalized production.



4. Competitiveness Assessment

On balance, the light vehicle assembly industry in Canada (both American- and Asian-owned) is currently competitive in North America. Both American and Asian corporations have committed substantial investments in Canada in recent years to ensure the continuing competitiveness and prosperity of their assembly activities. Certain Canadian plants could become vulnerable over the next several years as product mandates end or the models produced lose market popularity. At that time, these sites will have to compete on a North American basis for new product mandates.

The FTA has reduced a number of impediments to trade and reinforced the concept of a rationalized North American market for automotive products. However, given the internationalization of the industry, both industry and government will need to work together to assess the requirements of maintaining Canadian automotive competitiveness, not only in North America but also in foreign markets. Accordingly, Canada and the United States have agreed to form a select panel to address issues related to the overall competitiveness of the entire North American automotive industry.

In light of the situation outlined above, the critical issues for the Canadian industry centre on the continuation of investments in Canada in order to maintain modern, internationally competitive facilities; the continuing introduction of labour-management practices leading to improved plant productivity; the ability to sustain competitive productivity levels, assisting domestic producers to maintain and increase market share against imports from third countries; and the maintenance of a competitive investment climate.

For further information concerning the subject matter contained in this profile, contact:

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PRINCIPAL STATISTICS

SIC(s) COVERED: 323*

	1973	1982	1983	1984	1985	1986
Establishments[1]	21	21	21	21	21	26
Employment ('000s)[1]	45.1	42.6	44.3	49.3	50.3	49.8
Shipments ($ millions)[2]	4 716	12 343	15 590	21 262	24 599	25 093
Gross domestic product (constant 1981 $ millions)[3]	1 439	1 262	1 577	1 930	2 033	2 159
Investment ($ millions)[4]	43	237	488	256	664	1 897
Profits after tax ($ millions)[5]		-184	946	1 609	993	715
(% of income)		-0.87	3.87	4.54	2.63	2.13

TRADE STATISTICS

	1973	1982	1983	1984	1985	1986
Exports ($ millions)[6]	3 187	11 556	13 691	19 298	21 915	22 454
Domestic shipments ($ millions)	1 529	787	1 899	1 964	2 684	2 639
Imports ($ millions)[6]	2 459	5 161	7 641	10 300	14 243	15 406
Canadian market ($ millions)	3 988	5 948	9 540	12 264	16 927	18 045
Exports as % of shipments	67.6	93.6	87.8	90.8	89.1	89.5
Imports as % of domestic market	61.7	86.8	80.1	84.0	84.1	85.4
Canadian share of international market – %[7]	11.2	15.3	14.2	14.4	14.2	14.1

Source of imports (% of total value)		U.S.	E.C.	Asia	Others
	1982	70.6	5.9	22.6	0.9
	1983	77.2	3.9	18.3	0.6
	1984	77.7	4.8	15.7	1.8
	1985	77.2	4.7	13.4	4.7
	1986	73.2	5.8	16.6	4.4

Destination of exports (% of total value)		U.S.	E.C.	Asia	Others
	1982	96.1	0.1	—	3.8
	1983	97.9	0.1	—	2.0
	1984	97.6	—	—	2.4
	1985	97.5	—	—	2.5
	1986	99.0	—	—	1.0

(continued)

REGIONAL DISTRIBUTION — Average over the last 3 years*

	Atlantic	Quebec	Ontario	Prairies	B.C.
Establishments – % of total	4.8	23.8	52.4	4.8	14.3
Employment – % of total	0.8	8.8	88.7	0.7	1.0
Shipments – % of total	1.0	10.4	86.6	0.8	1.2

MAJOR FIRMS

Name	Ownership	Location of Major Plants
General Motors of Canada Ltd.	American	Oshawa, Ontario and Ste-Thérèse, Quebec
Ford Motor Company of Canada Ltd.	American	Oakville and St. Thomas, Ontario
Chrysler Canada Ltd	American	Windsor and Bramalea, Ontario
Honda of Canada Mfg. Inc.	Japanese	Alliston, Ontario

* SIC 323 Motor Vehicle Industry includes automobile, bus, truck chassis and truck tractor manufacturing of which light vehicle manufacturing constituted approximately 99 percent (by units) in 1986.

Notes:

1 Statistics Canada — *Motor Vehicle Manufacturers*, Cat. 42-219.
2 Statistics Canada — *Inventories, Shipments and Orders in Manufacturing Industries*,Cat. 31-001.
3 Statistics Canada — *Gross Domestic Product by Industry*, Cat. 61-005.
4 Statistics Canada — *Investments Statistics Manufacturing Sub-Industries & Selected Energy Industries*, Cat. 61-214.
5 Statistics Canada — *Corporation Financial Statements*, Cat. 61-207.
6 Statistics Canada — "*The Daily*", April 15, 1987.
7 *Ward's Automotive Yearbook* (1986).

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