



BUSINESS INDICATORS

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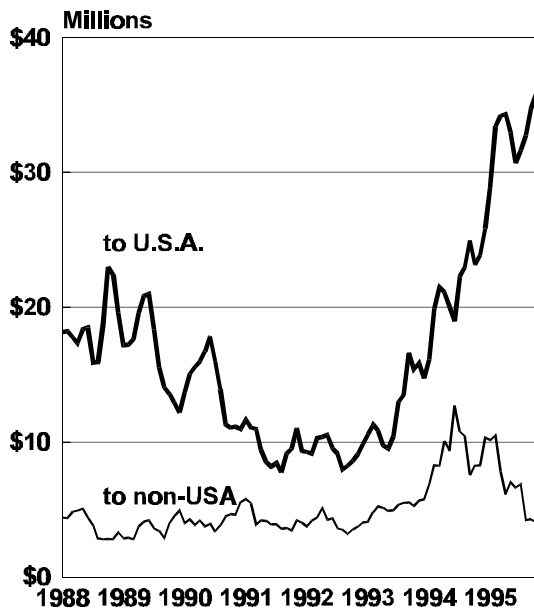
Automotive Industry Emerging As Important Export Earner

The following article is excerpted from the October 1995 issue of *Exports (B.C. Origin)*, produced by BC STATS, using data obtained from Statistics Canada and other sources.

British Columbia's automotive industry is heavily concentrated in two large operations: the Western Star truck manufacturing facility at Kelowna and the Toyota wheel manufacturing plant in Delta. Between them, these two operations represent most of the province's automotive manufacturing production.

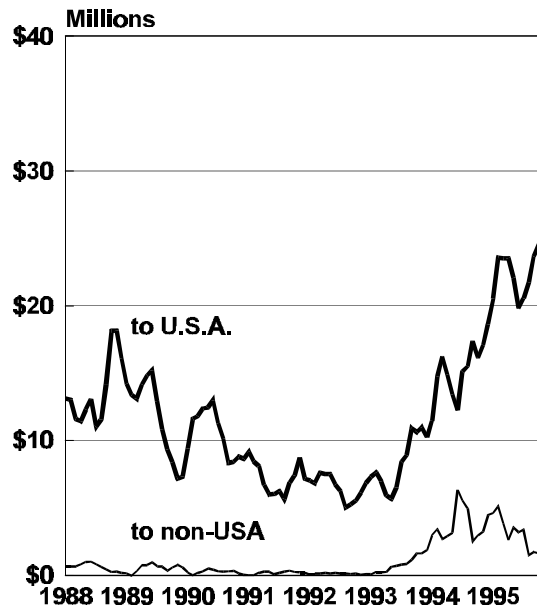
There are also several producers of recreational vehicles and a large number of small manufacturers of parts and accessories, selling to the aftermarket (spare parts) and to original equipment manufacturers. BC STATS records for early 1995 list at least 119 parts producers, including several whose businesses included export sales.

B.C. Monthly Exports of Motor Vehicles and Parts



January 1988 to October 1995

B.C. Monthly Exports of Trucks



January 1988 to October 1995

Heavy truck manufacturing has long been an important part of the British Columbia industrial scene. It developed here originally because of strong local demand from the forestry and mining industries. The number of firms operating in the province has shrunk from three in the 1980s to only one—Western Star—at Kelowna. Nonetheless, the value of truck exports have grown and continues to support a number of small and medium-sized parts manufacturers in the province.

More recently, Western Star has diversified its output to build smaller vehicles, including a contract to build 2,750 light trucks for the Canadian military. It has also made sales in Asia, Australia, New Zealand, the Middle East, Africa and South America. During 1995 it acquired Ontario Bus Industries in a move to broaden its business and position itself to serve a wider market. The strategy fits the increasingly familiar pattern of concentrating in product areas of established expertise and focusing on growth through exports.

The Toyota wheel manufacturing facility in Delta first opened in 1985. Two important

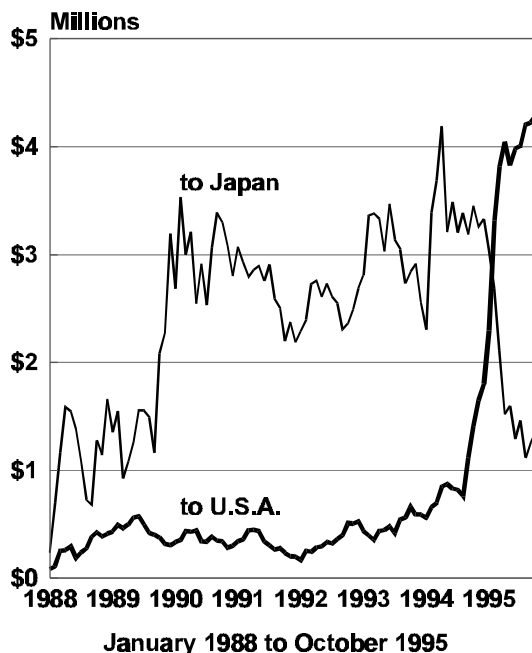
factors in its location were convenience for sea shipping and competitive power rates.

At the time of its opening, product was mainly shipped to auto assembly plants in Japan. Since mid-1994, output has been directed increasingly to Toyota plants in Canada and the United States, as exchange rates and other market conditions have continued to shift more of Japanese assembly work off-shore.

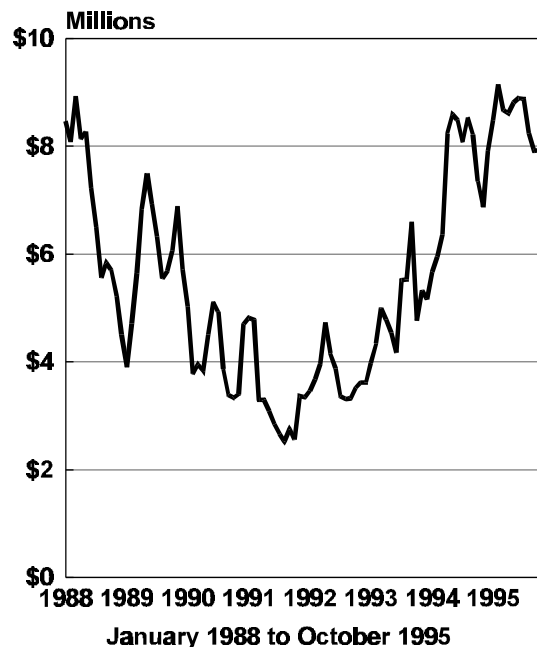
Automotive industry manufacturing accounted for \$399 million of British Columbia exports in the January to October period of 1995, still a very small part of the \$50 billion total of Canadian automotive exports. It has been growing quickly, however, at least in terms of total British Columbia exports. October year to date export growth for automotive products was 31%, well above the 20% rate for all exports.

Automotive industry products already rank high among British Columbia value added exports. They amounted to \$23 million more than value added solid wood exports, for example, and just \$16 million less than electrical and

B.C. Monthly Exports of Motor Vehicle Wheels



B.C. Monthly Exports of Automotive Products Excluding Trucks and Wheels



electronics products. They accounted for 22% of all machinery and equipment exports.

The number of jobs provided by automotive exports has been large in relation to their value. There were 10.7 jobs per million dollars of automotive product exports in 1993, compared to 7.3 jobs per million for other manufactured products.

Exports of the wide variety of automotive parts and accessories other than trucks or wheels have grown particularly rapidly since 1991. This is encouraging because, if the province is to expand its automotive manufacturing industry, it is likely to be mainly as a supplier of parts for assembly plants.

As assembly plants are mostly located in the United States, or at least dependent on the U.S. market, auto part exports are very sensitive to slumps and recoveries in the United States economy. Parts exports (excluding wheels) fell very sharply with the early 1990s recession. From 1992 to 1995 they rose even more steeply, doubling to monthly values of over \$8 million.

This produced an annual export figure of \$86 million, representing 22% of total automotive exports. With another \$57 million of wheel exports, total parts exports amounted to \$143 million, or 36% of automotive exports,. Virtually all of the rest (64%) was accounted for by trucks. The relative value added contributions are probably more evenly balanced because assembled vehicles are likely to include a higher proportion of imported components.

