

12 January 2012

AUSTRALIAN AUTOMOTIVE COMPONENT SECTOR – A KEY PART OF AUSTRALIAN MANUFACTURING

“The automotive component sector continues to play a vital role in the development of Australia’s automotive industry,” said Richard Reilly, chief executive of the Federation of Automotive Products Manufacturers (FAPM) today.

The recent announcement by Ford Australia to invest a further \$103 million in clean technology and additional upgrades across the locally-produced Falcon and Territory lines and a probable assistance package for GM Holden has rightly focussed attention on the vehicle manufacturers and their place in the manufacturing sector.

Automotive suppliers are inextricably linked to the fortunes of the vehicle manufacturers and FAPM welcomes government support for the car makers, said Mr Reilly.

Importantly though, the suppliers are a large piece of the automotive puzzle in Australia. In 2010, the automotive supply chain manufactured and exported over \$1.51B worth of components and sold over \$3.71B of components to the vehicle manufacturers. Additionally, the sector as a whole drove manufacturing innovation to the tune of \$4.5B over the last four years.

Mr Reilly said that these statistics highlighted the importance, value and strategic nature of the industry and reinforced the need to retain our industrial, automotive base. The automotive industry provides high skill, high technology jobs, and directly employs about 59,000 Australians, with over six times that number employed in ancillary occupations. Employment is only one of the ‘spillover’ benefits of the industry.

The old world view of the automotive industry as grimy, dirty and an industry that lacks innovative skills is very much an outdated, incorrect one, said Mr Reilly.

For example, Diver Consolidated Industries, an automotive component maker in Melbourne, has shown it can deliver high quality product locally, but also export components to a General Motors facility in Canada, said Mr Reilly. “It’s an innovative company with a skilled workforce that is always looking to grow its business and seek new opportunities, both in the automotive sector and in other sectors”, said Mr Reilly.

And the skills developed within the industry are being disseminated to other Australian industries as diverse as banking, aerospace, biotechnology, mining and defence. Automotive employees have highly sought after skills and the implications of not supporting and retaining the automotive industry are dire, said Mr Reilly.

Mr Reilly said that governments throughout the world are co-investing in their automotive industries, with some governments even taking equity positions in their automotive companies.

Australian vehicle manufacturers and the component sector are competing in this global market and in global supply chains, as evidenced by the Diver Consolidated example.

That is the playing field that Australian vehicle manufacturers and component producers must compete on and that is why governments of countries with a car industry are doing all they can to support and keep their automotive industries.

..ends

For further information contact:

Mr Richard Reilly, Chief Executive, FAPM: (03) 9863 2404 / 0414 292 470