

THE AUTOMOTIVE SUPPLY CHAIN: GLOBAL TRENDS AND ASIAN PERSPECTIVES

Francisco Veloso^a and Rajiv Kumar^b

^a Massachusetts Institute of Technology

^b Asian Development Bank

I. INTRODUCTION

The objective of this paper is to provide an overview of the major trends taking place in the automotive industry across the world, with an emphasis on the Asian market. It is not a comprehensive report, but rather an informed view of the issues and a panorama of the behavior of the major players, both automakers and suppliers. In the final section, the paper presents some suggestions on how to measure firm competitiveness in this fast moving industry, focusing on automotive suppliers, particularly the smaller ones that make up most of the local auto parts industry in Asia.

Besides this initial introduction, the paper has five additional sections. The second section describes the major drivers of the auto industry. It explains how today's fast changing business environment, where the client is in charge, the technology evolves at breathtaking speed, and regulatory issues are pressing, is altering the industry characteristics, strategies, and products.