

Buying an American-made Camry is not buying American

By Roger Simmermaker

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A few auto review websites have recently listed the U.S.-built Toyota Camry as the apparent “most American vehicle” for 2012. The problem with this declaration is that it is determined on criteria that is simplistic at best.

For the 2012 model year, according to TheCarConnection.com website, the gasoline version of the Camry is projected to have a 92 percent domestic parts-content, while the hybrid version scores a much lower 59 percent because the drive components and battery packs will be imported from Japan. And since the automobile window stickers must combine content percentages based on a “carline” basis, the combined 2012 figure for the Camry is 89 percent (the 2011 percentage is 80). Now how we can combine 92 percent (for gasoline Camrys) and 59 percent (for Hybrid Camrys) and come up with 89 percent (according to the American Automobile Labeling Act) is beyond me, but this is just a minor distraction from the main “most American vehicle” classification problem anyway.

Buying American is more than just about point of manufacture or assembly and the domestic content of any given product. The true definition of “Buying American” is buying an American-made product from an American-owned company with a high domestic parts-content within that product. Prime consideration should be given to the ownership of the company since American companies typically pay nearly twice as many taxes to the U.S. Treasury as foreign-owned companies.

The Ford Explorer Sport Trac actually has the highest domestic parts-content (90 percent) but Ford ceased production of the Sport Trac at the beginning of the model year. The Ford Explorer comes in at 85 percent. If you would like to see where major components like engines and transmission are manufactured for various vehicles and where they are actually assembled (2011 data), please visit <http://www.howtobuyamerican.com/content/db/b-db-autos.shtml>. When you do, you'll see American companies overwhelmingly produce more cars and trucks along with their engines and transmissions in America.

After all, which is more American: a U.S.-built car from an American-owned company, or a U.S.-built car from a foreign-owned company? Answer: a U.S. built car from an American-owned company. Why? Because when we ‘Buy American’ in the purest sense of the term (buying an American-made product from an American-owned company with a high domestic parts-content) we reward American owners, American investors, and American stockholders, keeping jobs, profits and the tax base here. When we buy an American-made car from a foreign-owned company, we reward foreign owners, foreign investors, and foreign stockholders.

If it's an American company we're supporting, the profits either stay in America or are repatriated here, and the taxes on those profits are paid to the U.S. Treasury rather than to the treasuries of foreign governments in foreign lands. We must consider more than just assembly or manufacturing jobs. It is

widely known that about 11% of all jobs in America are currently in the manufacturing sector. That leaves 89% of American jobs for other sectors like engineering, design, research & development, testing, and administration. When we support American companies, these jobs are much more likely to be located in America. Conversely, when we support foreign companies, these jobs often reside in the foreign country where the ultimate parent headquarters is located.

Case in point is the Toyota Camry itself. You know, the one that seems to have won the “most American vehicle” award we’ve been talking about? For three years running, Cars.com has ranked it number one in its American-made index. And to add insult to injury, the Camry will debut as the Daytona 500 pace car next year. But despite all these lavish American awards and distinctions, Toyota isn’t ready to fully design and develop the car in the United States because Toyota doesn’t “have the guarantee that there is the existence of the facility or the know-how in the United States,” according to Camry chief engineer Yukihiro Okane. Excuse me? The Big Three American automakers routinely spend \$16 billion annually in the U.S. on research and development alone, and Toyota execs aren’t sure American engineers have “the know-how” to do these same tasks for their company’s supposed “American” vehicles?

When Camry chief engineer Yukihiro Okane was asked if U.S. engineers took part in developing the 2012 Camry, he stared at the ceiling while coming up with a face-saving answer, and eventually said that American engineers helped with color design and local road condition testing.

And what about the details behind the Georgetown, Kentucky plant where the Camry is built? Did Cars.com or TheCarConnection.com account for the following facts?

1. The Toyota plant built in Georgetown, Kentucky in 1987 was built with Japanese steel by a Japanese steel company.
2. Toyota was given 1,500 acres of free land.
3. A “special trade zone” was established so Toyota could import parts duty-free from Japan.
4. Financing was handled by Mitsui Bank of Japan.
5. Total federal, state, and local tax incentives (tax giveaways) reached \$100 million, courtesy of your tax dollars and mine.

Now I know that \$100 million sounds rather frugal compared to the record \$577 million (that’s over half a billion dollars) set by Volkswagen for their first American plant built in Tennessee this year, but we are talking about 1987 when \$100 billion was a much bigger sum than it is today.

And what about multi-billion dollar payouts American auto companies have made over the years for things like health care to support their American workers, American retirees, and their dependents?

In 2004, for example, General Motors spent \$5.2 billion on health care for alone, which I'm sure was much more than Toyota spent on U.S. employees given the fact that they employ far fewer American workers. Maybe that could be part of the criteria for the most American vehicle award? Doesn't it make more sense for the award to go to a company that actually contributes many times more to the U.S. economy than any foreign company?

I'm sure Toyota has far fewer retirees as well, since the most-senior employee at the Georgetown, Kentucky facility would today have only a maximum 24 years with the company if he or she was still employed there. And if we want to consider a broader "carline" basis, or more accurately, a fleet-wide basis for the most American vehicle award, the facts are that American automobile companies have more American factories, employ more American workers, support more American retirees, use more American parts in their vehicles, do more research & development in America, and pay more taxes to America than any foreign auto company ever dreamed. It usually takes 20 months to research, engineer, design, develop, and test a vehicle and only 20 hours to put it all together, yet most Americans only focus on where that 20 hours of work for each car takes place. We need to broaden our focus and consider where the jobs are located for the 20 months of work leading up to the actual assembly. Again, if it's an American brand, more of the work for the jobs prior to vehicle assembly listed above will be in America. Cars.com does admit, however, that out of the 37 models that have domestic parts-contents of 75 percent or more, 28 of them come from Detroit-based brands. So maybe they get it about American cars dominance overall in the industry on a fleet-wide basis. However, their criteria for individual cars and how they are awarded with the "most American vehicle" award is narrow-minded at best, and leads many patriotic-minded American consumers to buy cars from foreign companies that do not support the American economy nearly as much as American automakers have and continue to do so.

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