

Buy American Mention of the Week

Finally, a more-accurate American-ness auto index!

By Roger Simmermaker

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We finally have an American-ness auto index that rightfully blows the Cars.com American-made index out of the water! The deeply flawed and misleading Cars.com index found the Toyota Camry to be the most American car in 2012 (and number 2 in 2013), but as I pointed out in an earlier '[Buy American Mention of the Week](#)' article, this was a flawed analysis because it ignored too many other important factors.

Now, with the '[Kogod Made in America Auto Index](#)' which takes these other important factors into account like the location of research and development and company headquarters, we have a much better and more accurate analysis. It turns out that three GM models are tied for the top spot of most American made, not the Toyota Camry, which is tied for 12th place with two other Toyotas.

The most-informative and well-known education tool for car consumers today comes courtesy of the American Auto Labeling Act (AALA), which helps car buyers select new vehicles by providing country of origin information on vehicles and their parts, and is displayed on each new vehicle available.

The AALA, which was enacted in 1992, was an important step forward in educating car consumers about things like the point of final assemble, the origin of the engine and transmission, and the percentage of domestic (U.S./Canadian) parts. You can see all of the details listed above for all of the automobiles at the National Highway Traffic Safety Administration's website here dating back to 2007. The 2014 model year is also available.

However, as Frank DuBois, a former VW auto mechanic and now an associate professor of international business points out, the AALA has become less accurate and less useful as time goes on and globalization grows. Not only is there an obvious skepticism with "domestic" parts content being defined as a combination of U.S. and Canadian parts, there are other problematic situations.

The 2013 Honda Accord as one such example. The final assembly lists both the U.S. and Japan. The engines can come from the U.S. or Japan, and the transmission can come from Japan or the U.S. (as opposed to 'U.S. or Japan' as listed for the engine).

But the Accord can also come with either a four-cylinder or six-cylinder engine. The six-cylinder Honda Accords are assembled in Japan, with a Japanese engine and transmission. But since the car is part of the overall Accord car line (which includes the Civic Coupe, Civic Sedan, Civic Si Sedan, etc.), an Accord that was made in Japan would display a window sticker claiming 65 percent domestic content.

DuBois's index ranks 253 models in the [Kogod Made in America Auto Index](#) based on:

- where the manufacturer's headquarters is located;
- where most research and development (R&D) occurs;
- where assembly occurs;
- where the engine and transmission come from; and
- the AALA score.

Dubois notes other interesting statistics. For example, out of Ford's 56 research centers, 45 of them are located in the United States. Ford employs four out of every 10 of its workers in the U.S., while Toyota only employs one out of 10 of its workers in the U.S.

When all of the above considerations are averaged, GM scores the highest, followed by Chrysler and Ford, and their averages are substantially higher than Honda, Toyota, and other foreign automakers.

According to Dubois, foreign automakers "want to be a global enterprise with a strong local presence, but where the rubber meets the road, where do the profits go? The profits go, more often than not, back to the home country of the manufacturer."

This statement by Dubois (and others) gives credibility to what I have always said since I began writing books on Buying American nearly 20 years ago and chronicled many articles on my website www.howtobuyamerican.com. Any 'Buy American' information or education campaign, if it is to be truly accurate, must contain considerations of where the headquarters is located, and hence where the profits go.

There are other websites available that give you different perspectives on what is really American and what isn't. Edmunds.com came out with an article titled '[How To Buy An American Car](#)' and another one titled '[Foreign Cars Made in America: Where Does the Money Go?](#)' on June 19. Even though I don't necessarily agree with all of the information contained on these websites (mainly because they don't take into account the information in the [Kogod Made in America Auto Index](#)) they are certainly useful in offering different perspectives on different parts of the 'Buy American' picture.

At least Edmunds does admit that "It's a safe bet to say that even a company as large as Toyota doesn't have as hefty a U.S. tax bill as does a Ford or GM." But as with other indexes, they don't apply enough weight to this all important fact, in my opinion.

Everyone has a different definition of what makes a car or truck truly American, and there is plenty of data to either create or support your own criteria for what is American and what isn't. In my opinion, however, the [Kogod Made in America Auto Index](#) is the best because it is the most accurate and most inclusive.

All data is helpful, as long as you apply the proper emphasis on where the company headquarters is located, which determines where the profits go and where the taxes are paid. This information is what completes the 'Buy American' picture in the purest sense of the term.

Roger Simmermaker is the author of How Americans Can Buy American and the award-winning My Company 'Tis of Thee: 50 Patriotic American Companies American Consumers Should Know About ([Axiom Business Book Awards](#)), and writes 'Buy American Mention of the Week' articles for wnd.com and his website www.howtobuyamerican.com. Roger has a degree in Electronics Engineering Technology, is president of his local Machinists Union, has been a frequent guest on Fox News, CNN, and MSNBC, and has been quoted in The Wall Street Journal, USA Today, New York Times, and Business Week among many other publications.