



May 17, 2022

The Honorable Lisa R. Barton  
Secretary  
U.S. International Trade Commission  
500 E ST SW  
Washington, DC 20436

Re: *Distributional Effects of Trade and Trade Policy on U.S. Workers*, Investigation No. 332-587

## **Introduction**

Autos Drive America appreciates the opportunity to provide comments to the International Trade Commission (the Commission) on its Section 332 investigation into the *Distributional Effects of Trade and Trade Policy on U.S. Workers*. We support the efforts of the U.S. government to ensure that international trade is benefitting all Americans equitably, especially those communities that have been underserved and underrepresented. Autos Drive America submits these comments to contribute to the Commission's investigation and ensure that a complete picture of the U.S. economy is available as the Biden administration develops its worker-centric trade policies.

## **Investment in the U.S.**

Autos Drive America represents twelve international automakers that have made the U.S. their home, investing a combined \$98 billion into their U.S. operations over the past 60 years. Our companies directly employ 131,000 people and support an additional 2.1 million jobs in communities across the U.S.

International automakers operate 20 vehicle assembly operations, 11 component plants, and 72 research and development facilities across the U.S. This expansion of the American footprint of international automakers has been a boon to hundreds of communities, many in southern states which have been historically underserved by the industry. These investments have changed the economic landscape of the region, creating manufacturing clusters that rival long-standing manufacturing hubs such as Michigan and Indiana, creating career opportunities for workers not previously available.

International automakers' investment in the U.S. was spurred in part by trade policies that enabled automakers to use the U.S. as a platform to manufacture, assemble, and export finished vehicles. After the implementation of the North American Free Trade Agreement (NAFTA) in 1993, international automakers established 23 new facilities in the U.S. NAFTA created an environment where the automotive industry became integrated between the U.S., Canada, and Mexico, not only providing for access to additional markets but also creating competitive advantages over global competitors.

## Trade Supports a Diverse Automotive Workforce

The automotive sector in the U.S. relies on trade to source parts for auto production and to export and sell finished vehicles. This is especially important for production facilities in the South, where in 2020, a significant portion of the approximately 650,000 vehicles international automakers exported were produced. These vehicles were shipped out of 13 U.S. seaports, eight of which are in the South, to over 135 countries, providing consumers all over the world access to U.S.-produced goods. According to the International Trade Administration, these exports are estimated to directly support 105,600 manufacturing jobs, which is 27,000 more than the manufacturing workforce directly employed by international automakers.<sup>1</sup> These exports create good-paying, high-quality jobs not only for automakers but for the indirect jobs created in their supplier bases and the induced jobs created in their local communities. Open trade policies which expand market access will encourage the export of additional American-made vehicles, resulting in additional similar direct, indirect, and induced jobs.

Access to regional and global supply chains has allowed the U.S. auto sector to remain globally competitive, which is why the U.S. should continue to pursue new agreements that expand access to new markets. While the pandemic has exposed the weaknesses of supply chains that are too dependent on singular regions for key components, implementing protectionist trade policies, like requiring the reshoring of production, would further disrupt the automotive supply chains and would have multifaceted consequences.

Efforts to use trade policies to remedy a trade imbalance through the use of tariffs resulted in less production and higher costs for many industries in the U.S. The auto industry felt the impact of these trade policies in 2018 when U.S. auto exports fell by 179,000 units, a 10 % decrease compared to 2017 volumes and a 150% larger decrease in vehicle export volumes than that seen from 2016 to 2017.<sup>2</sup> This drop in exports from the U.S. resulted in part directly from retaliatory measures imposed by affected countries following the U.S. imposition of tariff hikes on a variety of goods under Section 232 of the Trade Act of 1962 and Section 301 of the Trade Act of 1974. Because of this retaliation, several companies lowered production volumes, and in some cases considered shifting that lost production to plants outside of the U.S. to avoid the retaliatory tariffs.<sup>3</sup> Many of the vehicle models most exported from the U.S. are produced in the southern U.S., meaning these trade policies disproportionately impacted the southern region and its workers.<sup>4</sup>

The exact fallout from this decline in exports is difficult to calculate, especially as the increased cost for inputs also had a negative impact. When an auto factory's production falls, the effect is felt not only by the company but also by the plant's workers who take home less pay, by local parts suppliers who see order volumes drop, and by the local community.

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<sup>1</sup> International Trade Administration, "Jobs Supported by U.S. Exports" Data Visualization, Jobs Per Billion graphic. Accessed May 2, 2022. <https://www.trade.gov/data-visualization/jobs-supported-us-exports>

<sup>2</sup> International Trade Administration, "[U.S. Exports of New Passenger Vehicles and Light Trucks](#)" and U.S. Census Bureau, USA Trade Online Database, Monthly U.S. Exports by HTS Code and Country

<sup>3</sup> Paul A. Eisenstein. (August 24, 2020). [Trump's trade war drives some auto jobs to China](#). *NBC News*.

<sup>4</sup>Nathan Bomey. (April 10, 2018). [20 American-made cars that could benefit from China's promise to roll back tariffs](#). *USA Today*

## **Diversity of the Automotive Workforce**

From 1983 through 2021, international automakers built 18 new production facilities in the southern U.S.<sup>5</sup>, 15 of which began operations after 2000. The 17 southern counties where international automakers operate have an average Black population of 25% (see Figure 1), with eight counties having higher than the average.

Coinciding with the expansion of international automakers in the U.S., there has been a substantial increase in the number of Black automotive production workers nationwide, increasing from 159,000 in 1995 to 250,000 in 2019.<sup>6</sup> The southern states especially benefitted from this investment, adding 15 new production facilities in the region and creating thousands of new career opportunities for workers of color. Looking at minority representation in southern automotive manufacturing employment between 2004 to 2019 (see Figure 2), it is clear that in the southern states, where international automakers account for the majority of vehicle production, minority communities have benefitted immensely.

In Alabama, employment of racial minorities in automotive manufacturing grew at more than double the rate of overall state auto manufacturing job growth. From 2004 to 2019, for every five auto jobs created in Alabama, three were filled by workers of color. Even in states with a decline in overall auto jobs, such as Tennessee, where a major production facility in Spring Hill closed for several years, hurting the auto supply base, the number of workers of color in auto manufacturing increased by 35%. In many of these states, workers of color today represent the majority of the automotive manufacturing workforce (see Figure 2).

These operations are critically important to the people they employ and the growth of the local communities where automakers operate. The cumulative effect of these operations supports' local small businesses, including minority-owned businesses, and their taxes pay for local schools, many of which are majority-minority.

## **Investment in Workforce Training and Development**

International automakers' focus has been on creating pipelines of skilled labor, critical to driving growth and success for today's U.S. auto industry. International automakers offer a variety of programs that encourage students to pursue career and technical education while redefining what manufacturing means and what an auto worker looks like. International automakers provide numerous programs that are aimed at training the next generation of the manufacturing workforce. Starting as early as middle school through senior corporate executives, international automakers offer future and current workers the opportunities to train, develop, and reskill their career skills in ways that are valuable beyond just auto manufacturing and assembly, often making them targets for recruitment by other industries.

With over 200 unique workforce development programs across 30 states, international automakers have conducted over 19 million trainings for future and current workers. Programs

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<sup>6</sup> David Coffin, Amanda Lawrence, *Demographic Diversity in U.S. Automotive Manufacturing*, U.S. International Trade Commission, Executive Briefings on Trade, September 2020



vary from Hyundai's Maintenance Apprenticeship Program to Volvo University and Subaru-U training programs for technicians to Mercedes-Benz's courses on public speaking. For example, BMW offers a one-of-a-kind Military Service Technician Education Program workshop and training program for active military service members directly on U.S. military bases to train for their next career. Volkswagen's Chattanooga Assembly Plant provides a Women In Motion Mentoring program in which female workers are partnered with mentors higher up in the plant for one-on-one career coaching and guidance. Toyota's Driving Possibilities STEM career readiness initiative leverages 60 years of community academic engagement to address barriers to learning including the West Dallas, Texas area comprised of 70% Latino, 27% Black and 92.4% economically disadvantaged students. At the heart of every training and professional development, international automakers focus on how to give their workers the tools to build a long-lasting career and a better community in which they work in.

### **Conclusion**

As the Commission considers the effects of trade and trade policy on U.S. workers, Autos Drive America wants to ensure that the positive aspects of trade are recognized, especially as they relate to international automaker's support and development of a diverse workforce in the U.S., and that any policies made by this, or any future administrations, enable a globally competitive U.S. auto industry. Open trade policies were one factor that invited investment to the U.S. and remain essential for maintaining U.S. attractiveness for further investment, including investments into our previously underserved communities.

Autos Drive America supports efforts to create an inclusive trade policy platform that includes a broad set of views so that trade works for everyone. Autos Drive America urges the Commission to ensure that a worker-centric trade policy is based on a complete picture of the U.S. economy and of the positive effects of trade on the U.S. workforce.

Sincerely,

A handwritten signature in cursive script that reads "Jennifer M. Safavian".

Jennifer M. Safavian  
President & CEO  
Autos Drive America

**Data Tables for Reference:**

*Figure 1: Black and Minority Share of Population, by County*

<b>State</b>	<b>County</b>	<b>Black Population Share</b>	<b>Total Minority Population Share</b>
Alabama	Montgomery	61%	68%
Alabama	Talladega	34%	37%
Alabama	Tuscaloosa	33%	39%
Alabama	Madison y	26%	34%
Alabama	Bibb	22%	25%
Alabama	Limestone	15%	23%
Georgia	Harris	17%	23%
Georgia	Haralson	5%	8%
Mississippi	Madison	39%	45%
Mississippi	Union	16%	22%
South Carolina	Dorchester	27%	36%
South Carolina	Charleston	26%	34%
South Carolina	Greenville	19%	32%
Tennessee	Madison	39%	44%
Tennessee	Hamilton	20%	28%
Tennessee	Rutherford County	18%	31%
Tennessee	Franklin	6%	11%
<b>County Average:</b>		<b>25%</b>	<b>32%</b>

Source: CDC WONDER Database, Demographics by county for 2020. Minority Population defined as persons identifying as non-white and/or Hispanic

**Figure 2: Motor Vehicle and Parts Manufacturing Employment Changes by Minority Representation by State, 2004 to 2019**

<b>State</b>	<b>Minority Representation, Auto MFG Workers, 2004</b>	<b>Minority Representation, Auto MFG Workers, 2019</b>	<b>Minority Growth in Auto MFG Employment Levels, 2004 to 2019</b>	<b>Total Growth in Auto MFG Employment Levels, 2004 to 2019</b>
Alabama	29%	53%	+440%	+199%
Georgia	40%	53%	+26%	-4%
Mississippi	59%	59%	+51%	+51%
South Carolina	31%	47%	+128%	+53%
Tennessee	15%	25%	+35%	-19%
<i>Weighted Average</i>	27%	43%	96%	22.3%

*Source: Census Bureau, American Community Survey (ACS) Public Use Microdata Sample, 2004, the earliest year available, and 2019, the most recent year available*

