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For Immediate Release

## **Level Field Institute Offers Details Regarding Honda's U.S. Investment**

***-- Honda Executive Says American Investment is a "Nonissue"; Facts Say Otherwise --***

Washington, DC – August 10, 2006 – In today's Detroit News, Honda's senior vice president of automotive operations is quoted as saying that what reporter David Shepardson calls the "American question" is a "nonissue for us." The Level Field Institute, a national scorecard organization that examines how automakers and the automotive industry contribute to the U.S. economy, offered a detailed analysis of Honda's investment in the U.S.

"Honda has been a leader among foreign automakers in investing in America plants and jobs," said Level Field president Jim Doyle. "But differences in U.S. investment among automakers are enormous – and these differences translate into hundreds of thousands of U.S. OEM jobs."

"Most people tend to dwell on new plants, but what's driving the difference in jobs – and R&D to support tomorrow's jobs – is investment in research, design, engineering and management," Doyle said.

Level Field's detailed analysis of the economic contributions of each of the major automakers operating in the U.S. shows the following:

- Last year, every 1,000 Honda's sold supported about 19 U.S. Honda jobs.
- By comparison, every 1,000 Ford, GM and Chrysler Group's domestic brand sales in 2005 supported approximately 39 U.S. jobs. In other words, those sales supported twice as many U.S. jobs.
- If the entire U.S. auto industry were to operate at the Honda jobs rate (19 jobs per 1,000 cars sold), OEM employment would shrink by one-third, from 480,000 to about 319,000 – a loss of 161,000 jobs.
- To put that 161,000 jobs in context, it is nearly six times bigger than Honda's total U.S. workforce (28,500).

It is worth noting that Honda's U.S. presence is significantly higher than other foreign automakers.

- Honda's 2005 jobs-per-cars sold rate of 19 U.S. jobs per 1,000 cars sold is about 70% higher than Toyota (13 U.S. jobs per 1,000 cars sold) and the foreign automaker average (also 13).
- Honda is 2.4 times higher than VW (8 U.S. jobs per 1,000 cars sold) and 4 times higher than Hyundai (5 U.S. jobs per 1,000 cars sold).

Doyle continued, "While Honda may call American investment a 'non-issue', car buyers should have the facts so they can make up their own mind. Some people in Indiana and Ohio might be upset that Honda's math is being questioned, but the facts show that the investment differences between automakers remain enormous."

Level Field's research also shows that, despite buyouts and layoffs at Ford and GM, the difference between domestic and foreign automakers will remain stable through 2010. Ford, GM and Chrysler Group represented about 76% percent of the U.S. OEM workforce in 2005. In 2010, they are likely to represent 73% of the total OEM workforce. Depending on changes in market share, Honda's rate could rise from 19 to 20. But the domestic automaker rate is also likely to rise.

Level Field's jobs-per-car-sold analysis does not gauge the respective automaker's manufacturing efficiency. It simply indicates comparatively how much of the work that goes into making a car is done here in the U.S. For example, last year Toyota supported about 3 times more U.S. jobs, on a car-by-car basis, than Hyundai. It is unlikely that Hyundai was not three times more efficient, they just did more of their production, design and other work outside the U.S. This point is further demonstrated by comparing how much of an automaker's workforce is located in the U.S. Forty-five percent of GM's workforce was located here, compared with less than 1% at VW.

"Ford, GM and Chrysler Group do far more of their work here – and that's why Michigan comes second only to California in corporate R&D, and why 65,000 people here have high paying R&D jobs," Doyle added.

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