

Auto parts manufacturing vital

U.S. must act to level the playing field with China

By Meghan Mckeefry
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Why does auto parts manufacturing matter to us in Wisconsin?

A few weeks ago, the Obama administration took action by filing a subsidy case against China on auto parts. While mentioned briefly in the headlines, this story did not get the prominence it should have.

This is huge news. According to the Economic Policy Institute (EPI), of the 1.6 million auto parts jobs in the nation, Wisconsin has 43,224 of them. These are the workers making engines, brake hoses, seats, locks, seals, paper and beyond.

Innovation and government involvement has made a real difference in creating jobs at assembly plants across the country. Unfortunately, this growth is not reflected in auto component parts manufacturing.

Data from 2009 and 2010 reveal auto assembly employment rose 3.3%, but parts manufacturing employment rose only 0.1%. The automakers themselves make up only part of the industry, accounting for one-quarter of auto industry jobs. The meager growth of companies making auto parts, where three quarters of these jobs reside, is concerning.

The primary reason for the slower recovery of auto parts manufacturing is the rapid growth of imports from China, which has increased our auto parts trade deficit eight-fold since 2001. The success of the auto parts export industry in China is not due to any inherent comparative advantage. Rather, it is a result of the explicit illegal and predatory policies of the Chinese government.

According to a recent EPI report by Usha C.V. Haley, between 2001 and 2010, the auto parts industry in China received \$27.5 billion in government subsidies, many of which violate international commitments and undermine the international trade system. Factor in the steep discount all manufacturers in China enjoy due to manipulation of the country's currency and we have a bigger crisis.

Intentionally undervaluing currency by 40%, according to some estimates, this tactic *is* the elephant in the room. Everyone knows it is happening, but few are brave enough to do anything about it.

While Wisconsin falls behind Michigan, Ohio and Indiana in auto parts manufacturing, Wisconsin still holds a great number of these jobs that just cannot be lost. In fact, Wisconsin ranks 11th in the nation by share of employment in auto parts employment. Most of us cannot imagine what life would be like without these good jobs in our state.

As a major player in the paper industry, Wisconsin surely knows how good-paying manufacturing jobs help our communities thrive. We understand that some of our brothers and neighbors may still be

bouncing back from a mill closing. We've lived this hardship in many towns across Wisconsin over the past decade when over 54,000 factories in the United States closed.

Manufacturing, whether paper or auto parts, is crucial for our great state. These jobs allow us to send our children to college and to take a summer vacation at the lake.

At a time when many of our industries are in flux, the question is asked: Why should we care about auto parts manufacturing? The answer should be simple; it is a primary engine of our economic growth.

From Briggs and Stratton to Harley-Davidson, Milwaukee has long held strong manufacturing roots in auto parts, and we hope that can continue for years to come. It is not too late to revitalize the auto parts industry and keep those jobs and our economy thriving.

The filing of this trade case is an important step in the right direction. Ask your representatives how they plan to level the playing field.

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