



Contribution of the Motor Vehicle Supplier Sector to the Economies of the United States and Its 50 States



The Study

- Undertaken by The Center for Automotive Research
- First ever economic contribution study for parts suppliers



Importance of Motor Vehicle Parts Suppliers

- The study estimates the employment and economic contributions of the motor vehicle suppliers to the nation as a whole and the individual states
- Study confirms the significance of motor vehicle suppliers



Examples of Economic Contribution Studies by CAR

- **Alliance of Automobile Manufacturers** – Contribution of the Automotive Industry to the U.S. Economy in 1998: The Nation and its 50 States
- **Alliance of Automobile Manufacturers** – Contribution of the U.S. Motor Vehicle Industry to the Economies of the United States, California, New York and New Jersey, 2003
- **Association of International Automobile Manufacturers** – Contribution of the International Auto Sector to the U.S. Economy
- **Toyota North America** – Contribution of Toyota to the Economies of 14 States and the United States in 2003



Parts Supplier Industry

- **Light vehicle** original equipment parts
- **Heavy duty vehicle** original equipment parts
- **Aftermarket** parts (only those necessary for the maintenance and replacement of original parts)



Employment Contribution

- Motor Vehicle Suppliers **directly** employed **783,061** people in companies manufacturing:
 - *motor vehicle parts*
 - *plastics products to be used by vehicle manufacturers*
 - *motor vehicle hardware and instrumentation*
 - *tire and rubber hoses*
 - *automotive lighting*
 - *vehicle batteries*
 - *other vehicle bodies (such as dump truck mechanisms and kit cars)*
- Contribute to another **3,676,628** indirect and **spin-off**



Direct Employment in Each Sector

Sector Description	Employees included in study and attributable to motor vehicle parts industry
Motor Vehicle Parts	599,249
Transportation fabricated plastics products	72,845
Tires	57,450
Motor vehicle hardware - lock units, handles, hinges, lic.plate brackets, etc.	14,626
Batteries	12,602
Other truck and vehicle bodies for sale	10,907
Motor vehicle instruments	7,552
Hoses for motor vehicles, made of rubber and other materials	5,905
Electric lamp bulbs and tubes	1,925



Estimated Employment Contribution of Suppliers

- Estimated total **direct, intermediate, and spin-off** employment is approximately **4,459,700 jobs**

5.7 Jobs Multiplier

4.7 additional jobs for every one job at a parts making company



Suppliers are Major Drivers in the Economy



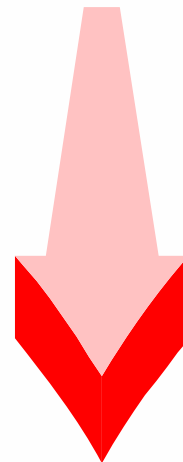
**Motor Vehicle Supplier
Jobs, 783,100**



**Manufacturing Jobs,
1,972,100**



**Non-manufacturing
Jobs, 1,704,500**



**A Total of
4,459,700 Jobs!**

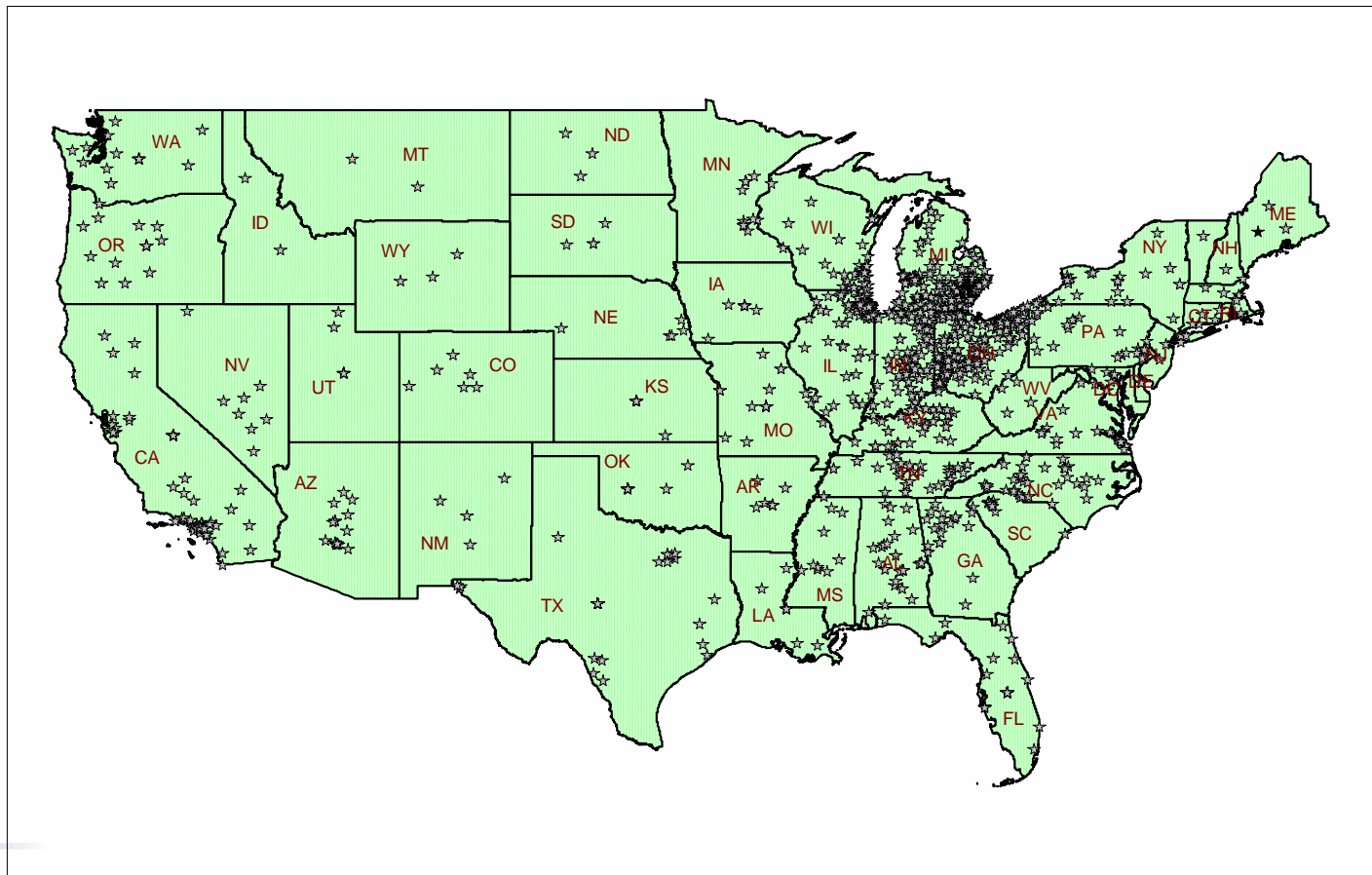


Motor Vehicle Parts Suppliers Contribute to Many Sectors of the Economy

TOTAL EMPLOYMENT	4,459,700	
Major Sector Employment		
Manufacturing	1,435,500	32%
Business & Professional Services	928,700	21%
Retail or Wholesale Trade, Warehousing, Transportation	850,600	19%
Education, Health and Personal Services	926,800	21%
Raw Material Supply, Construction	318,100	7%



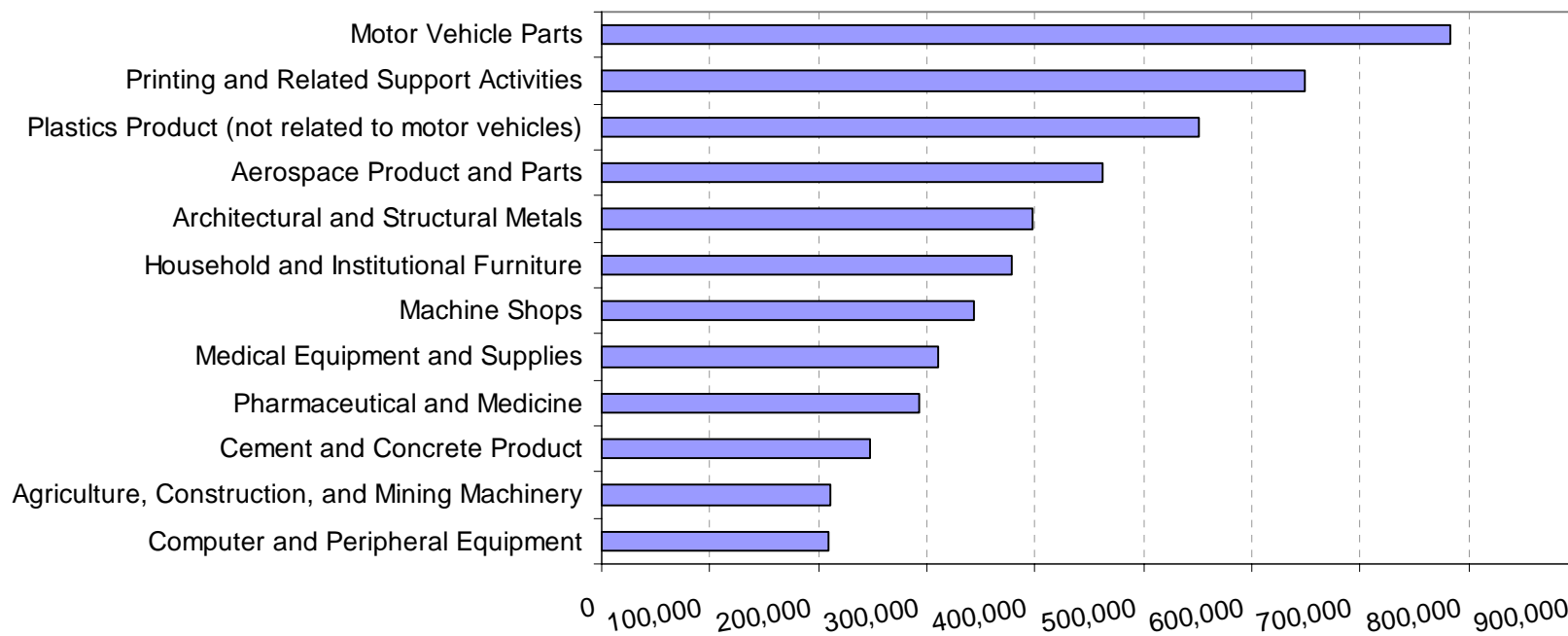
Motor Vehicle Parts Suppliers are located in all 50 states





Motor Vehicle Parts is the Largest Manufacturing Industry

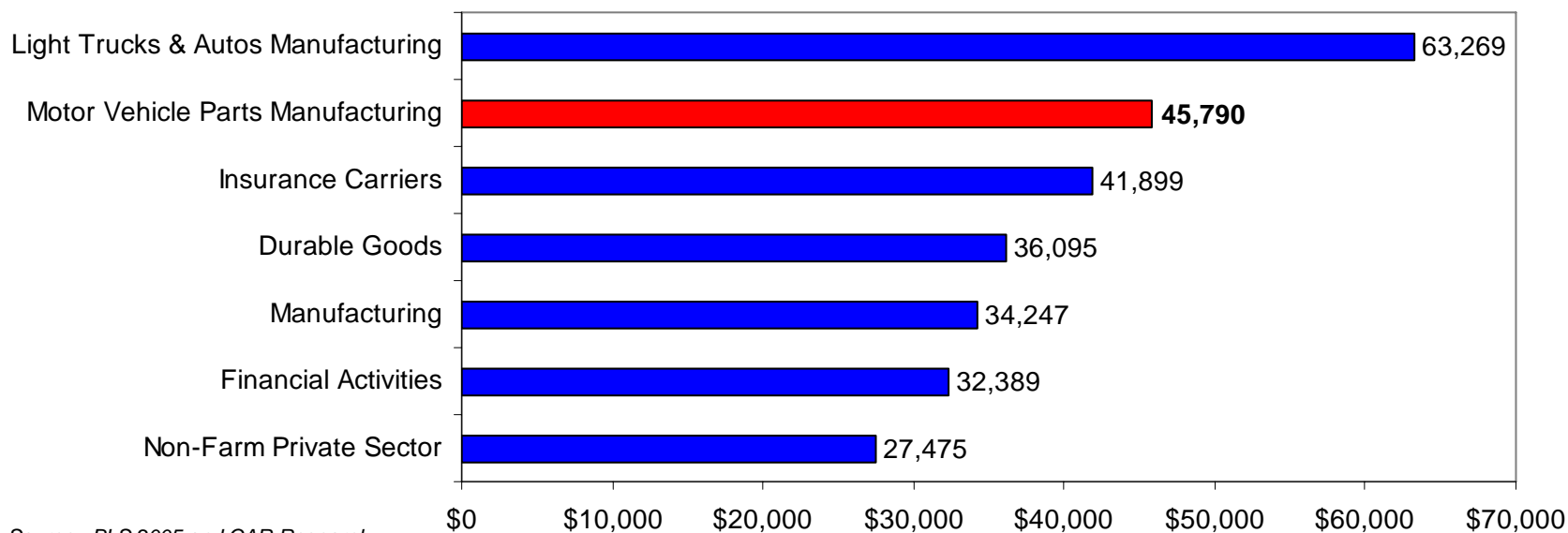
Employment by Leading U.S. Manufacturing Sectors





Average Annual Salary

Average Annual Salary of Production Workers in the U.S., 2004

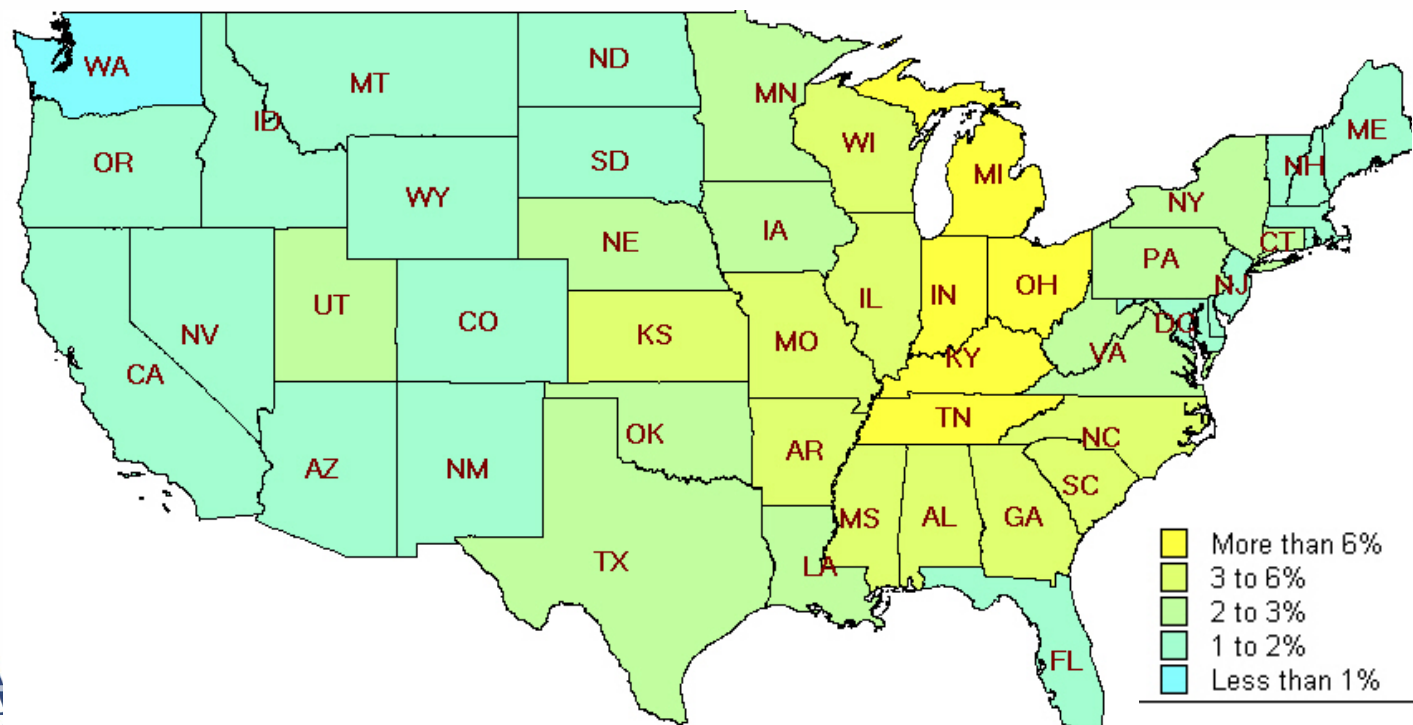


Source: BLS 2005 and CAR Research



Motor Vehicle Parts Employment Percent of State Labor Force

Greater than 6% of total state employment in 5 states,
3% or more in 10 other states

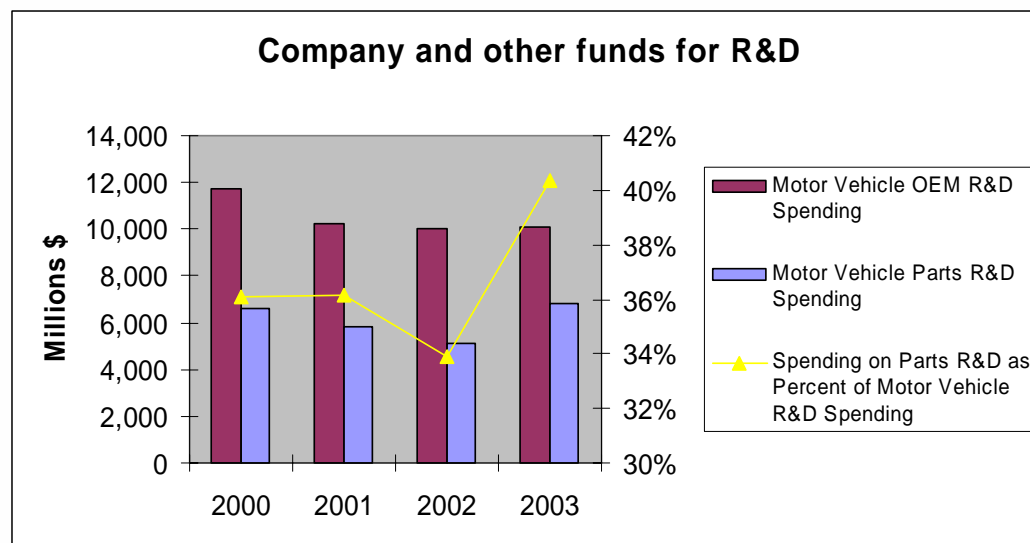




Suppliers Responsible for Increasing Levels of R&D Investment

•Annual R&D spending by parts supply firms at \$6.8 billion

•Represents 40% of total automotive R&D spending





Industry Meeting the Challenges of a Global Economy

- Supplier companies design, engineer and manufacture the vast majority of the parts that go into a modern-day vehicle.
- Significant transition in industry due to customers' (OEMs) changing market shares and global competition



Industry Meeting the Challenges of Transition and Transformation

- The pressure to produce a motor vehicle for the least possible cost has resulted in parts making operations moving away from the assembly companies and becoming stand-alone companies. Most motor vehicle parts-making operations are now independent stand-alone parts supplier operations that sell products to multiple customers.



Importance of Motor Vehicle Parts Suppliers

This report confirms the importance of the employment and economic contribution of the supplier industry to all fifty states, the District of Columbia and the nation as a whole.



Questions?

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