

**THE FAIR PRACTICES IN AUTOMOTIVE PRODUCTS ACT (H. R. 5133):  
AN ECONOMIC ASSESSMENT**

**Special Study (Unpublished)**

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**Congress of the United States  
Congressional Budget Office**



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## PREFACE

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This paper reflects a preliminary examination of the Fair Practices in Automotive Products Act (H.R. 5133), which would sharply restrict the volume of imported cars and car parts that enter U.S. markets. The focus of the study is on certain major macroeconomic and microeconomic effects that could result from implementation of the act. In being confined to these aspects, the study is not a comprehensive analysis of the effects that domestic content legislation might have.

The study was undertaken at the request of the House Committee on Ways and Means, Subcommittee on Trade. In order to permit timely delivery of these preliminary results, the paper did not undergo the external and internal review process customarily required of papers published by the Congressional Budget Office. Staff members of the CBO who contributed to the analysis included Lloyd Atkinson, Damian Kulash, David Santucci, Suzanne Schneider, Emery Simon, and Stephan Thurman of CBO's Fiscal Analysis and Natural Resources and Commerce divisions. Frank Pierce and Johanna Zacharias edited the manuscript. Special thanks go to Dorothy Kornegay and Kathryn Quattrone, who typed the paper under strict time pressure. In keeping with CBO's mandate to provide objective analysis, this paper offers no recommendations.

Alice M. Rivlin  
Director

August 1982



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CHAPTER 1. AN ECONOMIC ANALYSIS OF H.R. 5133:  
INTRODUCTION AND SUMMARY

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Between December 1978 and April 1982, the number of jobs in automobile manufacturing plummeted, from 762,400 to 459,700. Four factors in particular have led to these declines:

- o Slow economic growth and record high interest rates;
- o Increased productivity growth in the U.S. automotive industry as manufacturers attempted to meet heightened foreign competition;
- o Increased auto imports as the U.S. market swung from standard-size cars toward subcompact models; and
- o Increased "offshore sourcing" of automobile components as auto-makers attempted to reduce production costs.

By itself, economic recovery cannot offset all of the automotive industry's employment declines. Demographic changes—for example, the passing of the "baby-boom" generation beyond its initial car-buying years—portend slower growth in the U.S. car market in the years ahead.

### THE FAIR PRACTICES IN AUTOMOTIVE PRODUCTS ACT

It is against this background of deteriorating conditions in the automobile industry that The Fair Practices in Automotive Products Act (H.R. 5133) has been put forward for consideration by the Congress. The bill's objective is to restore auto industry jobs by restricting the number of imported cars and parts that enter the U.S. market.

#### Domestic Content Requirements

The act would institute minimum "domestic content" requirements for most passenger vehicles and light trucks sold in the United States,



beginning with model year 1983. The domestic content requirements—calculated as U.S. value added as a percentage of the wholesale price—would have to be met by each domestic and foreign auto manufacturer producing more than 100,000 units for sale in the U.S. market. These requirements would be graduated according to the volume of vehicles sold by each manufacturer. After the first year of implementation, increasingly stringent requirements would be imposed until 1985, when the provisions of the bill are to be fully phased in (see Table 1).

TABLE 1. DOMESTIC AUTO CONTENT REQUIREMENTS UNDER THE FAIR PRACTICES IN AUTOMOTIVE PRODUCTS ACT

No. of Vehicles Sold in the U.S.	Required Minimum Percentage U.S. Content Requirement		
	1983	1984	1985
Fewer than 100,000	0	0	0
100,000 to 149,999	8.3	16.7	25.0
150,000 to 199,999	16.7	33.3	50.0
200,000 to 499,999	25.0	50.0	75.0
500,000 or more	30.0	60.0	90.0

SOURCE: H.R. 5133.

#### Effects on Foreign Producers

H.R. 5133 would impose penalties on producers who failed to meet their domestic content requirements. Any manufacturer—foreign or domestic—that violated the requirement in any model year would have to reduce its total U.S. sales of vehicles and parts by 25 percent in the following model year. Thus, a manufacturer selling 400,000 units in the United States in 1985 but failing to meet its domestic content requirement would be forced to reduce its sales to the U.S. market to 300,000 units in 1986.



The greatest direct effect of this legislation would be on the six large-volume Japanese auto producers and one German firm—Toyota, Nissan, Honda, Toyo Kagyo, Subaru, Mitsubishi, and Volkswagen. If these firms desired to maintain a high sales volume in the U.S. market, they could realistically comply with the provisions of the bill only by relocating a significant proportion of production to the United States; otherwise they would each ultimately be forced to limit sales in the United States to 100,000 units a year. Even if these foreign auto producers were to relocate their production facilities to U.S. sites, they would need to meet a 75 percent domestic content requirement overall in order to sell as few as 200,000 units per year. This is a stringent requirement that would demand not only the relocation of assembly, stamping, engine, and transmission facilities to the United States, but also the purchase by these foreign producers of substantial amounts of domestically produced parts and materials as well.

Because these firms would probably thereby suffer the loss of the current cost advantages they enjoy, if the proposed domestic content requirement were implemented, no sizable shift of foreign production facilities to the United States would likely occur. Rather, the practical effect of the bill would be the imposition of a rigid import quota of 100,000 units per year on each foreign auto producer. By 1990, the bill would have the effect of reducing auto imports to the United States to about 1.3 million units, approximately one-third of the 3.75 million units that might otherwise have been imported for that year.

#### PRIMARY ECONOMIC EFFECTS OF DOMESTIC CONTENT REQUIREMENTS

The domestic content requirement legislation would undoubtedly have a profound effect on employment and output in the U.S. automotive and related industries. Assuming that domestic sales of new cars return to earlier high trend rates, H.R. 5133 would displace about 2.4 million foreign cars by 1990, increasing the demand for domestically produced vehicles by about 1.6 million units more than otherwise. Though sizable, this estimated increase in U.S. auto production is smaller than the reduction in imports, because the attendant rise in new U.S. auto prices would dampen domestic sales. Corresponding to this increase in domestic production, the Congressional Budget Office's results suggest that employment in auto and



auto-related industries would rise by about 211,000 jobs more than otherwise by 1990.

Despite these effects on the U.S. auto industry, the CBO's analysis of H.R. 5133 implies that the net effects for the U.S. economy in terms of real economic growth, inflation, and employment would be negative though small. In other words, the benefits that would probably accrue to the U.S. automotive industry could be more than offset by the costs imposed on the rest of the economy.

### Possible Responses of U.S. Trading Partners

H.R. 5133 would adversely affect the performance of the U.S. economy for a number of reasons. The implied restrictions on auto imports invite retaliatory trade measures on the part of the United States' trading partners, a response sanctioned by the articles of the General Agreement on Tariffs and Trade (GATT).<sup>1/</sup> Such measures would raise domestic auto prices and with them, the overall rate of inflation; and they would depress our long-run economic growth potential by misallocating scarce economic resources. Even if foreign trade retaliation was not extensive, the domestic content bill represents a poor substitute for conventional macroeconomic policies. The positive employment and economic growth effects that could result from H.R. 5133 could be achieved better, with less cost and fewer risks, by the adoption of somewhat more expansionary U.S. monetary and fiscal policies.

### Macroeconomic Effects

Assuming equivalent retaliatory trade restrictions on the part of our trading partners—a highly probable outcome—the CBO results show that by 1990, the U.S. price level (as measured by the Consumer Price Index—CPI) would be about 0.2 percent higher, real Gross National Product (GNP) would be about 0.3 percent lower, and the overall unemployment rate would be about 0.1 percentage points higher than otherwise. These adverse

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1. See Kenneth W. Dam, The GATT (University of Chicago Press, 1970), and Articles XI and XXIII of the General Agreement on Tariffs and Trade.



overall effects largely result from the displacement of resources caused by the assumed retaliatory trade restrictions imposed by U.S. trading partners. Given the importance of the auto industry to U.S. trading partners, and the current depressed condition of the world economy in general, it seems reasonable to assume that significant retaliatory steps would be taken.

Since the extent and nature of foreign trade retaliation that would occur in response to H.R. 5133 is uncertain, it is instructive to assess the effects of the proposed legislation in the absence of foreign trade retaliation. In this case, the combination of reduced auto imports and increased domestic auto production resulting from HR. 5133 would provide a direct but small stimulus to overall U.S. economic activity. According to the CBO's results, real GNP would be increased by about 0.4 percent by 1990, while the overall unemployment rate would be reduced by 0.2 to 0.4 percentage points. On the negative side, though, the CPI would rise by 0.3 to 0.7 percent in 1990—the result of higher auto prices and the induced increase in aggregate demand.

The net benefits to the U.S. economy implied by these results, however, are the consequence of the low levels of economic activity and resource utilization that many forecasters anticipate for the next several years. If the U.S. economy were operating closer to full capacity, the beneficial effects would be canceled out entirely. Indeed, in a fully employed economy, the net effects of H.R. 5133 would probably be negative. The employment and output gains in the U.S. auto industry would be at the expense of production and employment elsewhere in the economy. The consequent inefficiencies entailed by these shifts of resources, in combination with the higher overall rate of inflation, mean that real output would be lower than otherwise. Thus, even without retaliation, the net effect of H.R. 5133 on the U.S. economy could be negative.

#### SECONDARY ECONOMIC EFFECTS

In addition, H.R. 5133 would result in a number of secondary economic costs that could possibly offset the abovementioned stimulus to auto production and employment even if U.S. trading partners did not retaliate. These costs, which are both difficult to estimate and beyond the control of U.S. policymakers, include:



- o A slowdown in foreign economic activity induced by the reduction in U.S. demand for foreign autos, which would slow foreign demand for U.S. exports;
- o Appreciation of the dollar on the world's currency exchanges caused by the improvement in the U.S. net export balance, which would hurt the relative competitive position of both our export-and import-competing industries;
- o Losses in U.S. auto production efficiency caused by reduced foreign competition; and
- o Larger auto industry wage rate increases than otherwise induced by the reduction in foreign competition, which would remove some of the wage discipline evident in recent wage settlements.

Even if these secondary costs are small, the H.R. 5133 is a poor substitute for more conventional macroeconomic policy initiatives. An equal real fiscal policy stimulus imposed under the same initial economic conditions, for example, would produce larger increases in real GNP and larger employment increases more evenly distributed among different sectors. It would also have a more moderate inflationary impact.

#### ALTERNATIVE ESTIMATES OF THE EFFECTS OF H.R. 5133

Significantly different estimates of the effects of H.R. 5133 on output, employment and prices in the automotive industry have been put forward by Administration and United Auto Workers (UAW) analysts, among others. Importantly, the magnitudes of these differences are of little consequence to CBO's evaluation of the macroeconomic effects of the proposed legislation. In view of the likelihood of foreign trade retaliation, and in further view of the fact that the production of U.S. export goods tends to be more labor intensive than the production of U. S. auto and auto-related products, the overall output and employment effects of H.R. 5133 are likely to be negative, though small, over wide ranges of estimates of the bill's effect on the automotive industry.



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## CHAPTER II. EMPLOYMENT IN THE U.S. AUTO INDUSTRY-- RECENT EXPERIENCE AND OUTLOOK

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In late July 1982, unemployment in the U. S. automotive industry approached the quarter-million mark. More than 213,000 hourly workers were on indefinite layoff. Another 20,000 were temporarily out of work. <sup>1/</sup> Statistics like these have been recurring news since 1979, when the present slump in U. S. auto sales and production began. Employment in automobile manufacturing has dropped dramatically--from 792,400 production workers in December 1978, to an average of 532,000 in 1981, down to just 459,700 in April 1982. <sup>2/</sup>

### CAUSES OF EMPLOYMENT DECLINES IN THE U. S. AUTO INDUSTRY

Five major factors contributed to this sharp decline in automotive employment:

- o The current recession and high interest rates;
- o Increases in domestic automakers' productivity;

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1. See Ward's Automotive Reports (July 26, 1982), p. 235.
  2. Bureau of Labor Statistics, U. S. Department of Labor, Employment and Earnings Account. Figures cited are rounded totals for production workers in Standard Industrial Classifications (SIC) 3711 and 3714 (motor vehicles, car bodies, parts, and accessories). Two other motor vehicle and equipment categories--truck and bus bodies (SIC 3713) and truck trailers (SIC 3715)--have been omitted here. The number of total employees in SIC groups 3711 and 3714 also has declined by roughly one-third from 1978 to the present--from an annual average of 922,000 employees in 1978 to an April 1982 total of 631,000 employees.



- o Displacement of domestic car sales caused by increased sales of imports;
- o Growth in "offshore sourcing" (purchasing from foreign makers) of vehicle parts by U. S. manufacturers; and
- o A slowdown in the overall growth of the nation's automobile fleet, reflecting changes in the composition of the population.

As the Congress weighs policies to redress some of the economic damage associated with widescale unemployment in automaking regions, review of the causes of the current problem is critical for assessing the prospects of proposed relief measures--including the pending Fair Practices in Automotive Products Act (H. R. 5133).

#### Recession and High Interest Rates

The continuing recession and persisting high interest rates of 1981 and the first half of 1982 have reduced the automotive industry to some of its lowest production, sales, and employment levels in recent years. In 1981, U. S. auto production was the lowest it has been since the recession year 1961, and passenger car sales slipped for all the major domestic auto-makers except Chrysler. <sup>3/</sup> This decline continued in the first four months of 1982. <sup>4/</sup>

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3. See Automotive News, 1982 Market Data Book Issue, pp. 8 and 21.
  4. U. S. manufacturers' rebates and other buyer-incentive programs appear to have had a limited effect on passenger car sales: though sales dropped during the first four months of 1982 despite the proliferation of attractive incentive programs, a last-minute rush to save before the announced termination of these rebate offers may have helped trigger a 5.4 percent sales increase in May, with domestic sales rising 11.5 percent over May 1981 levels. New car sales fell back again in June, dropping 9.9 percent from last June's levels, while domestic sales were down almost 13 percent for the same period. Light truck sales were also down in 1981, but have moved up sharply in the first several months of 1982, largely because of a very strong showing by the newly introduced domestic compact pickups. (See Jack Faucett Associates, Motor Vehicles Industry Status Report, volume 1, numbers 2 and 4 (April 30, 1982 and June 24, 1982); see also Wall Street Journal (July 7, 1982), p. 4.



Recessions and high interest rates have always cut deeply into sales of new cars. When gross national product (GNP) growth slowed in 1974, sales of cars and light trucks plummeted from 14.1 million to 11.2 million vehicles (see Figure 1). Similarly, the current slump in sales began in 1979 with the onset of recession and higher interest rates.

As the economy recovers from the present recession, automotive sales should improve, with some resulting restoration of auto-related jobs. Nevertheless, because this recovery promises to be gradual, and because of the employment implications of the other factors (discussed below), little immediate relief is in sight.

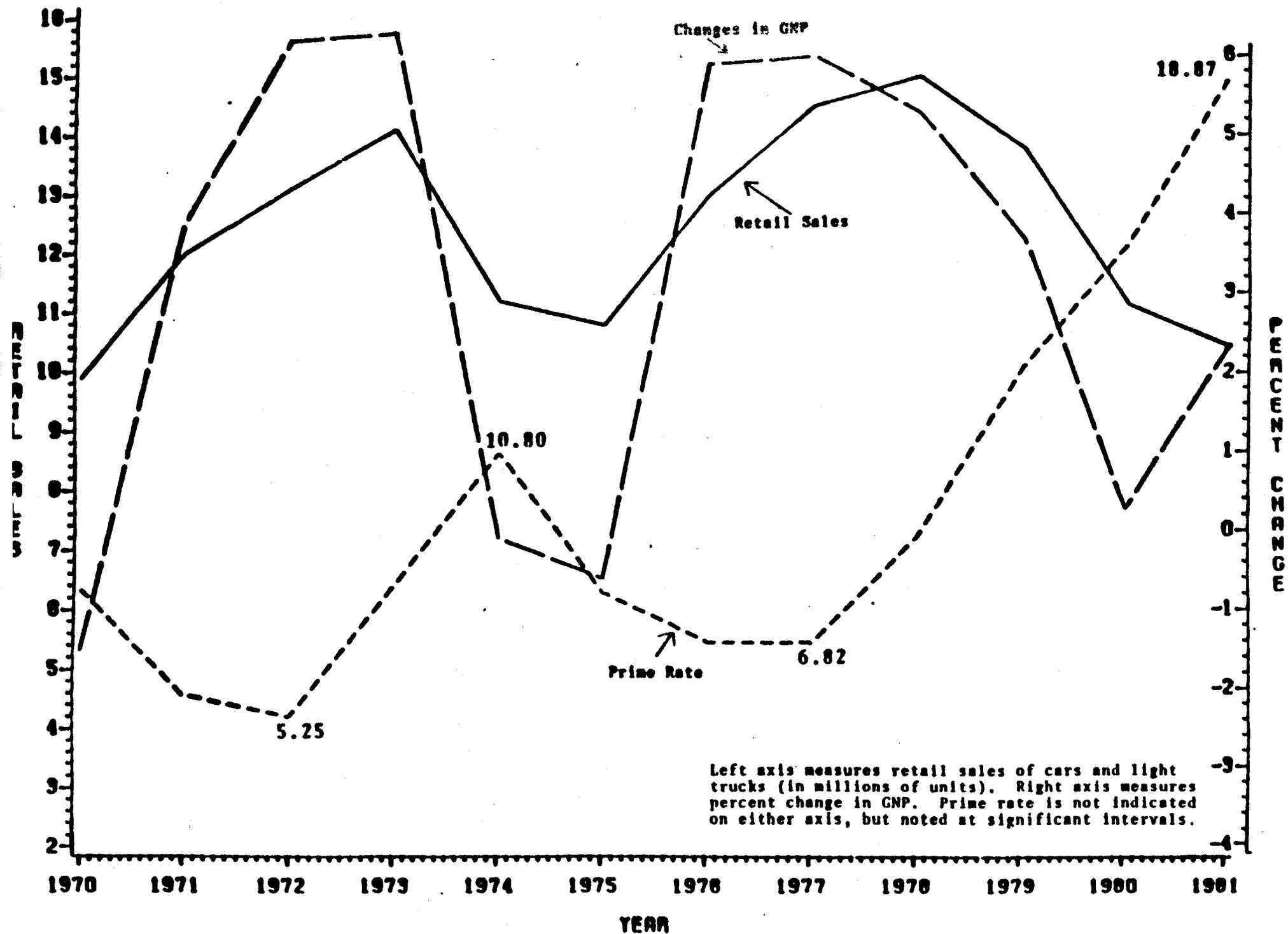
### Increases in Productivity

After being largely insulated from foreign competition for many years because most of the cars produced and sold in the United States were substantially larger than those of other nations, the U. S. automobile industry suddenly found itself in the midst of intense international competition. High fuel prices induced Americans to turn, in record numbers, to foreign-built compact and subcompact cars. As a result, the U.S. automakers will remain under intense pressure to improve their productivity throughout the coming decade. While essential to the survival of the U.S. auto firms, accelerated productivity gains have substantial implications for future employment levels. Even if the automobile industry continued at its historic rate of productivity growth of 3.3 percent, employment in the auto industry in 1990 would remain below 600,000, and most of the workers currently laid off would not return to work. As increased international competition forces U. S. automakers to cut costs, productivity could increase above its historic rates. If productivity grew at just 1 percent above its historic rate, then auto industry employment in 1990 could fall below its current level of 532,000, even if total sales of new cars rose to 15 million in that year. Indeed, if the U. S. firms achieve the productivity that Japanese auto manufacturers have claimed, then future reductions in employment could be even greater.

Though exact forecasts are not possible, employment in the U. S. auto industry will probably not return to peak levels. Many of the jobs that have been lost would not be restored even if new car sales returned to peak



**FIGURE 1. U.S. RETAIL SALES OF CARS AND LIGHT TRUCKS, COMPARED TO LEADING ECONOMIC INDICATORS, 1970-1981**





levels, or even if the domestic auto companies regained the market share they held a decade ago. <sup>5/</sup>

### Increased Import Share

Displacement of domestic car sales by increased sales of imports has resulted in an additional loss of jobs among the U.S. automakers. Over the past decade, foreign auto manufacturers have nearly doubled their share of the U. S. passenger car market--from 15 percent in 1971 to 27 percent in 1981. Much of this erosion of domestic market share was stimulated by jumps in gasoline prices, which created a surge in demand for subcompact cars--the market segment in which imported cars were concentrated. As the demand for small, fuel-efficient vehicles climbed from 37 percent of the market in 1970 to around 65 percent today, the variety, quality, and fuel efficiency of many foreign models made them attractive to U. S. buyers.

Since 1981, import sales, like domestic sales, have been dampened by the continuing recession and high interest rates. But while the number of import sales has been dropping, the imports' share of the new car market in the United States continued to rise throughout 1981 and most of the first half of 1982. <sup>6/</sup> The imports' share of the light truck market increased in 1981 but declined in the first part of 1982, partly because of the great success of the newly introduced domestic compact pickup trucks. <sup>7/</sup>

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5. For more general discussion of long-term displacement of U. S. industrial workers, see CBO, Dislocated Workers: Issues and Federal Options (July 1982).
  6. Only in April and May of 1982 did import share decline together with volume of imported car sales; this trend has been reversed again in June.
  7. See Motor Vehicles Industry Status Report, vol. 1, no. 2 (April 30, 1982). The import duty on trucks was raised to 25 percent in August 1980.



Throughout the 1980s, the imports' share of the market will probably not grow beyond its current level of around 25 percent for cars and light trucks combined. Although some forecasts assume continued growth in the imports' share of the new car market, further erosion of the domestic share appears unlikely for several reasons.<sup>8/</sup> First and most important, the large-scale shift to small cars that sent import sales booming in the 1970s has already occurred. With small cars currently accounting for about 63 percent of new cars sold, only modest additional growth in the small car market can be expected in the 1980s. Second, the U. S. firms are becoming more competitive by offering more models in the subcompact car and compact pickup truck markets. Even in the face of keen foreign competition in the 1970s, domestic automakers held a surprisingly constant share (about 60 percent) of the small car market.<sup>9/</sup> Now, with the new wider array of domestic subcompact cars and compact pickup trucks<sup>10/</sup> selling well, it seems reasonable to assume that U. S. manufacturers will at the least hold their ground in the 1980s. Third, the Japanese cost advantage could decline in future years if the value of the yen rises relative to the dollar, and as U. S. plants realize the economies of

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8. CBO's estimate is slightly higher than the current 24 percent import share of combined auto and light truck sales for the first five months of 1982. Though long-term forecasts of import share of the light truck market are unavailable, some analysts expect the imports' share of this market to decrease substantially in the future. One informal estimate (Michael Luckey, Merrill Lynch Economics) looks for a 7 to 8 percent import share of the light truck market by 1985.
  9. See The American Auto Industry in 1981, p. 9.
  10. In model year 1982, there were 17 different U. S.-produced subcompact cars, available in 90 different models, as compared to 64 models of 15 kinds of subcompacts available in 1981 (see Automotive News, 1982 Market Data Book Issue, p. 60). Four new kinds of domestic compact pickup trucks have entered the market in 1982, and one--the Chevrolet S-10--has taken over Toyota's place as number one in compact pickup truck sales (see Automotive News, July 19, 1982--"Compact Pickup Sales Up 46.3 Percent Over 1981," p. 20).



operating closer to full capacity. <sup>11/</sup> Nevertheless, even though the domestic automakers may not lose any additional market share, most analysts do not foresee any restoration of the share that the U.S. firms lost in the late 1970s (see Table 2). Accordingly, the loss of jobs associated with this diminished share promises to be another reality to contend with in the coming decade.

#### Growth in Offshore Sourcing

Increasingly, U. S. auto manufacturers have been turning to foreign suppliers to obtain a variety of vehicle parts and components at considerably lower prices than those charged by U. S. counterparts. In addition to this primary cost-cutting motive, inadequate lead time and/or capital for retooling have prompted domestic automakers to take advantage of existing foreign capacity in certain areas, such as the production of small diesel engines, four-cylinder engines, transaxles, and aluminum cylinder heads. <sup>12/</sup> The advent of a "world car" with standard components is expected to increase the international trade in auto parts and contribute to the growth in offshore sourcing by U. S. manufacturers. <sup>13/</sup> Also, many U. S. automakers with assembly plants in foreign nations are required to purchase components produced by the host country in order to meet minimum local content requirements for vehicles assembled there.

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11. See Jose A. Gomez-Ibanez and David Harrison, Jr., "Imports and the Future of the U. S. Automobile Industry," American Economic Review, vol. 72, no. 2 (May 1982), pp. 321-22.
  12. See John O'Donnell, Restructuring of the Auto Industry and Its Impact on Employment, Transportation Systems Center, February 9, 1982, p. 15.
  13. See Arthur Andersen and Co., U. S. Automotive Industry in the 1980s: Domestic and Worldwide Perspective, The Second Delphi Forecast (July 1981), pp. 11-13.



TABLE 2. PROJECTED IMPORTS' SHARE OF U.S. AUTO MARKET  
 ACCORDING TO VARIOUS SOURCES  
 (1985 and 1990, in percents)

Sources	1985	1990
Merrill Lynch Economics <u>a/</u>	27.8	40.0
Merrill Lynch Securities Research <u>b/</u>	26.1	Not Available
Arthur Andersen, Second Delphi Forecast (average of four panels' forecasts), July 1981 <u>c/</u>	23.7	23.7
Data Resources, Inc. <u>d/</u>	24.1	25.4
Chase Econometrics <u>e/</u>	28.8	35.8
Townsend-Greenspan <u>f/</u>	26.6	24.9
Sanford C. Bernstein <u>g/</u>	30.0	30.0-35.0
Department of Commerce <u>h/</u>	28.0	28.0
United Auto Workers <u>i/</u>	35.0	35.0
Share (Cars and Light Trucks) Assumed in this Study	25.0	25.0

- a. Michael Luckey, Vice President, Merrill Lynch Economics, July 1982. If minimum local content requirements of about 60 percent were in effect, he projects a 25 percent import share for 1990.
- b. Harvey Heinbach, Vice President, Merrill Lynch Securities Research, July 1982.

(Notes continued on next page)



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TABLE 2. (Notes Continued)

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- c. Arthur Andersen & Co., the Michigan Manufacturers Association, and the University of Michigan, U.S. Automotive Industry in the 1980s: A Domestic and Worldwide Perspective (The Second Delphi Forecast), July 1981. Panelists foresee a constant foreign market share but a decreasing imports' share (18.9 percent in 1985, 16.9 percent in 1990), which would be offset by increased foreign assembly in U.S. facilities.
- d. Data Resources, Inc., Long Term Forecast (Moderate Growth), July 1982.
- e. Chase Econometrics Long Term Forecast (Moderate Growth), June 1982.
- f. Townsend-Greenspan Long Term Forecast, April 1982.
- g. David Eisenberg, Research Director, Automotive and Capital Goods Group, Sanford C. Bernstein & Co., Inc., July 1982. Excluding captives and foreign-sponsored production, the 1985 forecast would be about 25 percent.
- h. U.S. Department of Commerce, Domestic Content Requirements for U.S. Motor Vehicle Sales: An Economic Assessment. Assumed levels of imports' sales (cars and trucks) without minimum domestic content requirements; not forecasts for a specific sales year.
- i. United Auto Workers (UAW), letter of Douglas A. Fraser to Congressman Sam M. Gibbons, July 7, 1982. Not projections for a specific sales year, these are the UAW's assumed levels for non-Big Three market share (cars and trucks) without minimum domestic content requirements.



Continued increases in offshore purchasing appear likely in the 1980s. The size of this increase is highly uncertain, however. <sup>14/</sup> Though the evidence suggests a current level of offshore content of roughly 5 percent, reliable statistics are unavailable, and there is wide range both within the industry and within the product lines of individual companies. <sup>15/</sup> Growth in offshore purchasing appears not to be a major cause of the current loss of employment in auto-related industries, but the possibility of increased offshore sourcing could substantially reduce future domestic employment in these industries.

#### SLOWER FUTURE SALES GROWTH

Even as the economy recovers, several factors suggest that the future growth in auto sales will be slower than it has been in the past. <sup>16/</sup> First,

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14. See U. S. Automotive Industry in the 1980s, The Second Delphi Forecast, pp. 11-13; John O'Donnell, Restructuring of the Auto Industry, pp. 15-17; and Edwin McDowell, "Made in U.S.A.--With Foreign Parts," The New York Times, November 9, 1980. O'Donnell's study and the Delphi Forecast both suggest an estimate of around 5 percent current offshore content for domestically produced vehicles. The UAW assumes a 5 percent average offshore content for the "big three" automakers in 1981 (letter of Douglas A. Fraser to Congressman Sam M. Gibbons, July 7, 1982).
  15. For example, domestic content ratios for Chrysler's present fleet (including its so-called "captive" imports) range from over 99 percent to less than 20 percent, and even two of Chrysler's best-selling small fuel-efficient cars--the Dodge Omni and Plymouth Horizon--currently have less than 90 percent domestic content. Chrysler's fleet average, including captives, is about 89.7 percent domestic content. (From data supplied by Chrysler to the Environmental Protection Agency for use in the Corporate Average Fuel Economy Program, March 1982. Domestic content is computed differently for the CAFE Program than it would be under the terms of H. R. 5133.)
  16. See CBO, "Current Problems of the U.S. Automobile Industry and Policies to Address Them" (July 1980), pp. 26-28; Leonard Sherman, Booz-Allen & Hamilton, "The U.S. Automobile Industry: From Growth to Maturity."