

Made in the USA Reports

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The Trans-Pacific Partnership is in Trouble

All the Democratic candidates for president, Hillary Clinton, Bernie Sanders and Martin O'Malley, are against President Obama's proposed Trans Pacific Partnership with 11 nations: Canada, Mexico, Australia, Brunei, Malaysia, Singapore, Japan, Chile, Peru, Vietnam and the Philippines. Republican candidates Donald Trump and Ted Cruz oppose the trade deal as well.

By law, Congress will have months to deliberate, perhaps to next April. The U.S. Trade Representative said he did not know when Mr. Obama would officially notify Congress that he intends to sign the accord, but once he does, that notice will give Congress 90 days to first consider it. Additional time most likely will be needed, congressional and administration officials said.

Speaker Paul Ryan (R-Wis.) and Senate Finance Committee Chairman Orrin Hatch (R-Utah) haven't decided whether they're going to support the Trans-Pacific Partnership (TPP) — even after they helped the President win fast-track authority in a bruising interparty fight that was meant to ease its passage.

The TPP not only replicates, but expands NAFTA's special protections for firms that offshore U.S. jobs. And U.S. TPP negotiators literally used the 2011 Korea Free Trade Agreement — under which exports have fallen and trade deficits have surged — as the template for the TPP. The agreement would even elevate individual foreign firms to equal status with sovereign nations, empowering them to enforce new rights and privileges provided by the pact, by dragging governments to tribunals to challenge consumer and environmental policies that they claim frustrate their business. The tribunals would be authorized to order taxpayer compensation to the foreign corporations for the "expected future profits" they surmise would be inhibited by the challenged policies.

As Einstein noted, insanity is doing the same thing over and over again and expecting different results. The TPP, is NAFTA and the Korea Free Trade Agreement on steroids. If Congress passes the TPP it would be insane.

A Tale of Two Companies: GM and Toyota

By Joel D. Joseph, Chairman, Made in the USA Foundation

General Motors and Toyota are two of the largest automobile manufacturers in the world. GM is headquartered in the United States, Toyota in Japan. But something noticeably strange has happened recently: GM now plans to import Buicks made in China while Toyota has begun to manufacture Lexuses in Kentucky.

General Motors may be the first U.S. automaker to build a car in China and sell it to the U.S. market. As reported in the *Wall Street Journal*, GM will begin selling the Buick Envision, currently assembled in China, in the United States by early 2016.

Toyota confirmed that it has moved production of the Lexus ES sedan from Japan to the U.S. to be manufactured at its Georgetown, Kentucky factory. Production of the ES began in Kentucky in November, 2015 and it is the first Lexus car built here in the United States. With an investment of \$360 million, the Kentucky factory has hired 750 workers and has retooled the factory, adding a capacity of 50,000 cars a year. The Toyota plant in Kentucky is huge. It is able to produce about 500,000 vehicles a year, employing about 6,600 workers, and is roughly twice the size of a typical U.S. auto plant. Its main products are the Toyota Camry and Avalon sedans and Venza SUV. It also manufactures engines, axles and steering components.

What Toyota Knows that GM Doesn't

Toyota knows how to earn a profit, while General Motors is struggling to do so. The Great Recession crushed GM, resulting in a U.S. government bailout and the American taxpayers holding an \$11 billion debt.

Toyota earned \$23 billion in 2014. GM earned \$2.8 billion for the same year. Both companies sold about 10 million cars. Toyota earned an average of \$2,300 on every car that it sold worldwide. General Motors earned about \$280 on each car that it built. Obviously, General Motors is doing something wrong.

We Bailed Out GM

The U.S. Treasury saved General Motors from extinction with a cash infusion of \$50 billion in 2009. The U.S. government lost \$11.2 billion on its bailout of Government Motors. In exchange for this \$50 billion investment, the U.S. government received 61 percent of the stock in GM. What the federal government failed to do was to make sure that GM would keep its U.S. factories open. Instead, with a slap in the face of the American taxpayer, GM has moved production overseas.

While the government bailed out General Motors it moved production of the Cadillac SRX from Michigan to Mexico, and the Buick Regal from Michigan to Germany. After the bailout GM started manufacturing the Buick [Encore in Korea](#).

"After the sacrifices made by U.S. taxpayers and the U.S. workforce to make General Motors the profitable quality company it is today, UAW members are disappointed with the tone-deaf speculation that the Envision would be imported from China," said Cindy Estrada, UAW's vice president in charge of GM negotiations.

According to IHS Automotive forecasts, GM is expected to sell about 129,000 Envisions in China in 2017. In the U.S., where the vehicle would fill a hole in Buick's portfolio, the company is expected to sell about 35,000 of them in 2017, IHS projects.

What Should Be Done About It?

General Motors should be attacked on three fronts. To begin, the United Auto Workers should try to negotiate with GM not to import cars from China. Secondly, the federal government should begin an investigation into the entire situation, including promises made during the 2009 bailout. The government could sue General Motors for the \$11 billion it lost in the bailout claiming that General Motors breached promises to keep production in the United States. And finally, if all else fails, consumers should boycott Buick and send the General the message: you owe us, we owe you nothing.