Statement by Paul D. Ryan
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to the
Trade Policy Staff Committee on the NAFTA
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Thank you for the opportunity to testify today. My name is Paul Ryan and I am the Vice President of Trade and Competitiveness for the Association of Global Automakers. Global Automakers represents the U.S. operations of international motor vehicle manufacturers, original equipment suppliers and other automotive associations.

International automakers are an integral part of the U.S. automobile manufacturing industry. Combined, they have invested $75 billion in U.S. facilities and produce 5.5 million vehicles annually.

That's 47 percent – nearly half – of all cars and trucks built by American workers each year are made by international automakers in states like Alabama, Georgia, Indiana, Kentucky, Mississippi, Ohio, South Carolina, Tennessee, and Texas.

International automakers also directly employ 130,000 Americans throughout the United States, have a combined payroll of $11.3 billion, and purchase $121 billion worth of parts, materials, goods and services annually from U.S. suppliers. Sixty percent of the U.S. jobs created by international automakers are directly related to the manufacture of vehicles and vehicle parts.

And increasingly, vehicles produced in the United States by international auto manufacturers are exported to markets abroad – some 925,000 vehicles were exported to 140 countries and territories last year – that's 17 percent of all the vehicles they produced in the United States last year.

This data underscores two basic points:

First, that the U.S. auto industry consists of more companies than ever before – there are now 13 vehicle manufacturers in the United States, and one more – Volvo – on the way.

And second, much of the investment and new production in the U.S. auto industry I just mentioned has happened since the NAFTA rules went into effect.

As a result, we believe NAFTA has been a success for U.S. consumers and U.S. workers by creating a more dynamic auto manufacturing presence in this country.

That said, it's also true that NAFTA is a 24 year old trade agreement and so we think the idea of bringing it into the 21st century makes a great deal of sense.

But as we look ahead at ways to update this agreement, it is important to keep in mind the ways in which NAFTA has transformed economic relationships between the United States, Canada and Mexico and enabled the integration of automotive production and supply chains throughout the region.

Economic integration enabled by NAFTA reduces costs, expands vehicle production and vehicle choice for American consumers, and supports U.S. auto exports.

In short, NAFTA has enabled the U.S. auto industry to become more globally competitive than ever.

Global Automakers therefore believes that whatever changes might be considered to the NAFTA, especially for a highly capital-intensive industry like ours, should be designed to further strengthen our industry by advancing our ability to compete internationally.

As you may be aware, vehicles built in the United States compete in world markets with vehicles built in other major auto producing regions of the globe – specifically in Asia and Europe.

Without the NAFTA, our ability to compete effectively and successfully with these major automotive production platforms would be seriously diminished.

A couple of facts help illustrate how the NAFTA has both strengthened the U.S. auto industry and honed its global competitiveness.

First, the U.S. industry produces more than one million more vehicles today than it did in 1993.

And second, all U.S. automakers export twice as many vehicles today as we did before the NAFTA went into effect – nearly 2 million units last year.

And not only has the volume of exports increased dramatically, the value of these same exports has increased as well – by more than 3-fold.

There's no better proof of our industry's global competitiveness than to see this kind of demand for vehicles built by American workers in the United States.

To continue these trends and built on the NAFTA's success, Global Automakers recommends the NAFTA:

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- Remain a regional agreement and should not be divided into two bilateral agreements with Canada and Mexico;
- Retain the rule of origin for automotive vehicles and parts. This rule includes the highest threshold of any origin standard for autos in any U.S.-negotiated trade agreement. It has worked as intended and promoted high levels of regional content;
- Include updated customs procedures, including procedures for claiming NAFTA preferences and modernized rules for duty drawback;
- Contain greater intellectual property protections;
- Include updated provisions on technical barriers to trade, such as formal recognition of our federal motor vehicle safety standards; and
- Include provisions allowing for the free flow of data and the prevention of localization requirements that would act as barriers to e-commerce.

Throughout the life of the NAFTA, international automakers have been generated economic opportunity and growth in states throughout the south and Midwest.

Global Automakers supports the modernization of the NAFTA and believes the changes we have recommended would benefit producers, consumers, and workers in the United States.

Thank you for the opportunity to testify here today.

I would be happy to answer any questions you may have.

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