Submission of the American Automotive Policy Council and Matthew Blunt in Response to the United States International Trade Commission's Investigations on the "AGOA: Trade and Investment Performance Overview" and "AGOA: Economic Effects of Providing Duty-Free Treatment for Imports."

Investigation Nos: 332-TA-542 and 332-TA-544

I. Introduction

The American Automotive Policy Council (AAPC) appreciates the opportunity to provide its input to the United States International Trade Commission (ITC), and submits the following in response to request for comments regarding "Negotiating Objectives with Respect to the "AGOA: Trade and Investment Performance Overview" and "AGOA: Economic Effects of Providing Duty-Free Treatment for Imports.", Investigation Nos: 332-TA-542 and 332-TA-544.

AAPC is the association representing the common public policy interests of its member companies – Chrysler Group LLC (Chrysler), Ford Motor Company (Ford), and General Motors Company (General Motors).

AAPC supports and shares the goals of the African Growth and Opportunity Act (AGOA) to assist the economies of Sub-Saharan Africa and to improve economic relations between the United States and the region. AAPC's member companies are strong supporters of African economic growth, stability, and the resulting improvement in living standards. AAPC's member companies have supported the success of AGOA since its launch in 2000. Two-way auto trade between AGOA countries and the United States continues to steadily grow.

The growing emerging markets in Africa have created enormous economic opportunities for AAPC's member companies to invest in the promising long-term growth of many Sub-Saharan African countries. As these countries continue to develop, further investment and trade with the region is needed. This investment and trade is mutually beneficial for the U.S. and AGOA economies and workers.

AAPC's member companies have been committed to Africa for decades, have made large investments in the region, and benefited from the trade advantages of AGOA with the eligible countries. AGOA is sent set to expire in 2015 and AAPC believes it is crucial for the United States to extend this program beyond 2015.

A. Economic and Trade Contribution to the United States

America's automakers—Chrysler, Ford and General Motors—remain the heart of the industrial base of the United States and an engine of the American industrial economy. These three companies are committed to investing in the United States, growing U.S. exports, and leading the nation's economic recovery.

With over 200,000 direct company employees (two out of three auto manufacturing jobs nationwide), Chrysler, Ford and General Motors support hundreds of thousands of additional jobs in all 50 states—from high-tech research labs, to the suppliers that ship thousands of parts to manufacturing shop floors, to the more than 10,000 U.S. dealerships that deliver high quality products to their customers.

Over the past several years, Chrysler, Ford and General Motors, with our United Auto Workers (UAW) partners, have undergone a dramatic restructuring, but at a tremendous sacrifice in closed plants and lost jobs. In the process, we have emerged stronger and even more globally competitive. Today, as a result of these sacrifices, we are at the forefront of the United States' economic recovery, adding billions of dollars in American manufacturing investments and creating thousands of new American jobs every year.

The aggressive pace of product introductions by Chrysler, Ford and General Motors is expected to create thousands of new American jobs this year in areas ranging from product development to manufacturing to information technology. This builds on the creation of over 40,000 new American jobs, a 25 percent increase between 2009 and 2012.

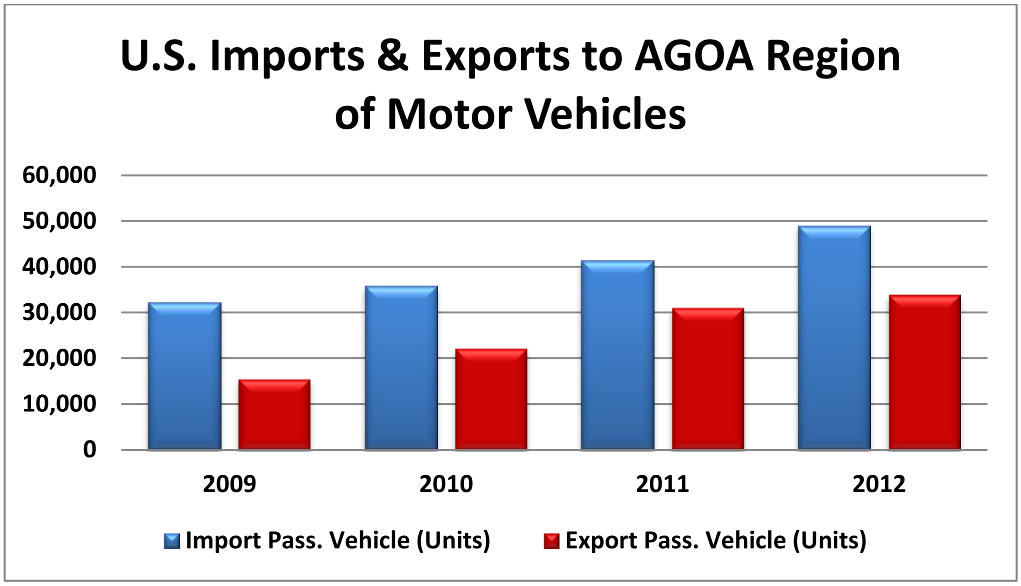
The renewed American automotive industry is also America's number one export sector. In 2012, U.S. automotive exports totaled $132.7 billion – $27 billion more than the next best performing manufacturing sector (aerospace).[1] Exported to over 100 countries, American automotive goods are one of most competitive U.S. exports and a key contributor to the President's goal of doubling exports in five years.

II. State of U.S.- AGOA Trade

The U.S. auto industry, as America's largest exporting sector, conducts billions of dollars of trade between U.S. and the AGOA region each year. Since 2009, imports and exports of

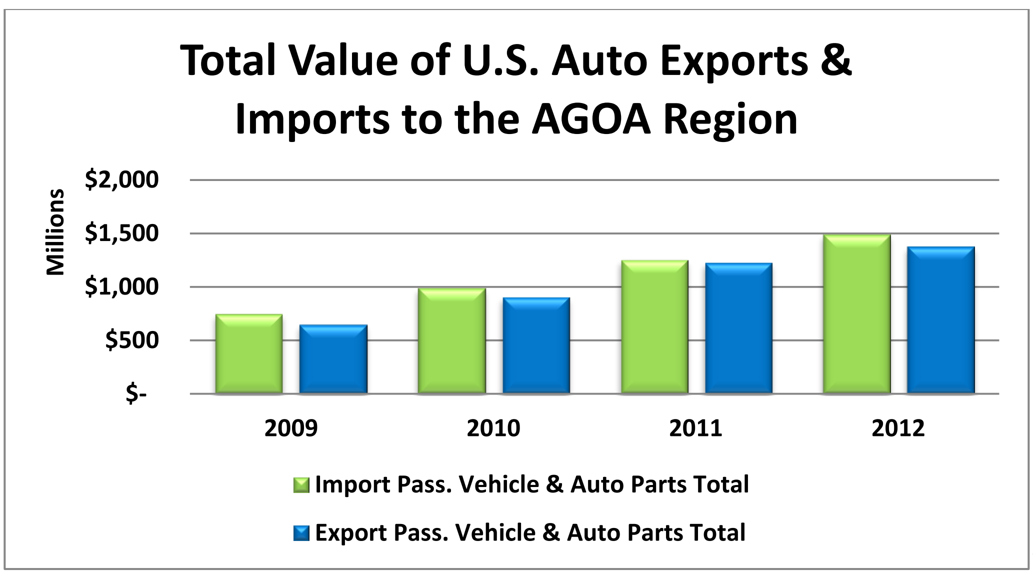
[1] U.S. Exports by Industry Group (NAICS-4 digit basis)

passenger vehicles between the U.S. and AGOA countries[2] have increased each year. Passenger vehicle trade between both economies has significantly benefited as a result of AGOA.



[3]

In addition, the total value of both U.S. exports and imports in both motor vehicles and auto parts to the AGOA region has continued to grow each year. Since 2009, there has been consistent and balanced growth in the combined value of motor vehicle and parts trade.



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[2] Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Comores, Congo, Djibouti, Ethiopia, Gabon, Gambia, Ghana, Guinea, Ivory Coast, Kenya, Lesotho, Liberia, Malawi, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Rwanda, Sao Tome, Senegal, Seychelles, Sierra Leone, South Africa, South Sudan, Swaziland, Tanzania, Togo, Uganda, & Zambia; http://agoa.info/about-agoa.html.

[3] United States Department of Commerce, Bureau of the Census and the International Trade Commission database (motor vehicle & auto parts).

A key factor in the consistent growth in U.S. auto industry trade between the U.S. and the AGOA region is due to trade benefits implemented by AGOA. If extended, the auto industry expects these trade numbers to continue to increase as the economies of many of the countries under AGOA continue to grow.

III. Presence in the region

AAPC's member companies are active participants in Africa with facilities that produce vehicles and auto parts, investing billions of dollars into the local economies, and exporting auto products to and from AGOA countries.

Ford has is an active leader in South Africa's automotive industry. Ford's world class Silverton Assembly plant in Pretoria manufactures light commercial vehicles including the Ford Ranger for local consumption and worldwide export. Ford's Struandale Engine Plant at Port Elizabeth has upgraded and expanded its machining and assembly capabilities and produces diesel engines for both local consumption and global export. In addition Ford has a parts distribution center and an on-site modification center, as well as a supplier incubation facility and training simulation facility on-site in Pretoria.

General Motors produces vehicles and parts in two countries in the region, South Africa and Kenya. General Motors manufactures various Chevrolet vehicles, Isuzu vehicles, pick-up trucks, commercial trucks and buses in Nairobi, Kenya, making General Motors is the largest motor vehicle manufacturer, assembler, and distributor in the East African region.

In addition, General Motors has assembly plants, auto parts warehouses, a conversion and distribution center and a sales and marketing center located in South Africa. General Motors has two assembly plants located in Port Elizabeth, South Africa; one in Kempston Road and the other in Struandale. General Motors has a conversion and distribution center in Port Elizabeth and their numerous auto parts warehouses located throughout South Africa.

Chrysler South Africa (Pty.) Limited ("Chrysler South Africa") is the second largest importer of vehicles into South Africa. (Chrysler South Africa is headquartered in Midrand, Johannesburg and operates a national parts distribution warehouse in Rosslyn, Pretoria.) Chrysler South Africa distributes its vehicles, parts and accessories to its authorized dealer franchised network in South Africa, Botswana and Namibia. Chrysler Group South Africa also distributes vehicles, parts and accessories through its general distributor network in Kenya, Tanzania, Mauritius, Mozambique, Uganda, Zambia and Zimbabwe.

[4] United States Department of Commerce, Bureau of the Census and the International Trade Commission database (motor vehicle & auto parts).

IV. Benefits from the AGOA Program

The AGOA Program has to date been utilized by one of AAPC's member companies. The trade preferences enacted through AGOA will allow Ford to import into the United States the diesel engines made at its Struandale Engine Plant in South Africa. These diesel engines will be assembled into the new North American Transit van to be manufactured in Kansas City, Missouri, helping to maintain 1,100 U.S. auto jobs at Ford's Kansas City assembly plant.

Taking advantage of the preferential tariff treatment provided by the AGOA program, until 2010, Chrysler Group sourced from South Africa component parts used to manufacture vehicles in the United States. While Chrysler South Africa does not source component parts from South Africa or in any other sub-Saharan nations at this time, the company continues to evaluate new opportunities to do so in order to take advantage of the AGOA program.

V. Conclusion

The U.S. auto industry has benefited from the trade benefits from AGOA and encourages the U.S. government to continue to support AGOA well beyond 2015. Both the United States and AGOA countries have the potential of generating significant economic benefits from trade as AGOA countries continue to develop, modernize and industrialize.

Submitted by Matthew Blunt

Matt Blunt