

Foreign Automakers Say Little in Aid Debate

Micheline Maynard

There has been no shortage of opinions throughout the debate over a federal bailout for Detroit's struggling automakers. But one group has been notably silent: foreign car companies.



Ken Osburn/Greenville News, via Associated Press

A BMW X6 being assembled in Spartanburg, S.C. Foreign makers have a notable American presence.

Toyota, Honda, Nissan and nearly all the other foreign companies that build vehicles in the United States have said little publicly concerning whether their American rivals should get the billions of dollars in emergency aid they have requested in recent weeks.

To be sure, the companies themselves have little to gain by commenting on the bailout beyond expressing concern about the general health of the industry.

Anything more than that might leave them open to criticism over support they have received in various ways through the years from their governments. As a result of their muted stance in the debate, the foreign companies, which have invested close to \$40 billion in 70 American facilities in the last 30 years, have largely escaped any blame for Detroit's woes.

It is a marked contrast to trade tensions in the nation's capital a generation ago, when Congress threatened to limit sales of Japanese cars in the United States, forcing Japan to impose voluntary export caps.

"It's a validation of all the years of working to prove they're good corporate citizens, even if they haven't convinced people that they're 'American' corporations," said John Paul MacDuffie, an associate professor of management at the Wharton School at the University of Pennsylvania.

Some see the companies as role models for Detroit. In an interview last month on the Fox News Channel, the former Republican presidential candidate Mitt Romney said the Detroit companies needed to reduce their costs permanently "so they can be competitive with the Japanese cars that are made here, the German cars that are made here." While the companies themselves had said little, lawmakers from states where foreign companies operate factories have been among Detroit's most vocal critics.

One, Senator Richard Shelby, Republican of Alabama, has emerged as Detroit's leading nemesis during two sets of hearings.

"A lot of people believe sincerely that the restructuring plans each of your companies have provided to us are not a serious set of plans," Mr. Shelby pointedly told the leaders of the Detroit companies, who appeared before the Senate Finance Committee last Thursday.

Since the 1990s, Alabama has won three assembly plants, from Honda, Mercedes-Benz and Hyundai, and an engine plant built by Toyota, as well as numerous investments by parts makers.

They have been worth \$3.8 billion to Alabama, or one-tenth the amount spent in the United States by foreign companies, according to the Association of International Automobile Manufacturers, a trade group representing foreign car companies.

Senator Bob Corker, Republican of Tennessee — which is home to Nissan's North American headquarters, a Nissan plant and a promised Volkswagen factory — has been another Detroit critic.

His testy exchange last week with Chrysler's chief executive, Robert L. Nardelli, and his opposition to an aid package, prompted several hundred active and retired members of the United Automobile Workers union to picket his office in Nashville on Monday.

"It's unfair to cut Americans to death while you're subsidizing the foreign automakers," said Mike Herron, a local union leader, according an article in the Nashville Tennessean newspaper.

But Mr. Corker is speaking for American auto workers, not only those who work for American car companies, said Matthew J. Slaughter, associate dean at the Tuck School of Business at Dartmouth.

By criticizing Detroit executives, Mr. Corker and others were saying, "These families are part of my constituencies. They're American voters, just like the American voters in Detroit. And these families are going to be hurt by this program," Professor Slaughter said. Even the Alliance for Automobile Manufacturing, the trade group representing 11 domestic and foreign manufacturers, has not taken a stand on the latest bailout request.

But the group, where foreign companies outnumber Detroit automakers eight to three, did support \$25 billion in loans authorized by Congress last year to pay for retooling factories.

"We hope that what can be done to keep these companies viable will be done," said Charles Territo, a spokesman for the alliance.

Under the alliance's bylaws, any lobbying action must require support from at least 10 members, Mr. Territo said.

Aside from the Detroit companies, the only foreign manufacturer in the group that has actively backed the bailout effort is Mazda, which Ford has management control over, Mr. Territo said.

Honda, which is not an alliance member, "encourages initiatives that are essential to maintaining the short and long term stability and viability of the auto industry," said Ed Miller, a Honda spokesman.

As many as 60 percent of Honda's American suppliers also provide parts to Detroit companies, and Mr. Miller said Honda was concerned about their fate should one of the American automakers fail.

Last month, Carlos Ghosn, the chief executive at Nissan and Renault, who proposed a deal with G.M. in 2006, said governments worldwide should consider supporting their auto industries.

But he declined to discuss the Congressional bailout effort. Alan J. Buddendeck, a Nissan spokesman, said Tuesday that the company had not taken a stand on the legislation. He added, "Our concern is that the auto industry be healthy."

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