

New auto index redefines which cars are really 'Made in America'

April 30 2013

American University's Kogod School of Business announced today the release of a new Made in America Automotive Index that evaluates and ranks 253 car models based on country of origin and several factors not addressed by the American Automobile Labeling Act (AALA).

Developed by Kogod Professor Frank DuBois, an [international business](#) expert in competition and [global supply chain](#) management, the new index uses seven different weighted factors to determine the degree to which cars sold in the U.S. really are "American made."

- [Profit Margin](#): Where the automaker's global headquarters is located
- Labor: Location of assembly
- Research & Development
- Transmission: Location of production
- Inventory, Capital and Other Expenses: Location of assembly
- Engine: Location of production
- The AALA "Domestic Content" Score

Dubois believes these comparisons constitute the most accurate "made in America" index available because American-made can only reflect a percentage of a product's content when a global supply chain is the operating reality of the automotive industry.

"If you break down a single "American-made" transmission, you'll find many smaller parts, each stamped with its own country of origin. You

may well find 80 percent of the parts inside that transmission didn't come from the U.S.," said Dubois.

According to Dubois, the AALA is meant to help consumers "buy American," but the data it provides is limited in several ways. Aside from designating parts manufactured in Canada as "domestic," some [automakers](#) file incomplete reports, omitting various models in any given year. As illustrated in the table below, the differences between the AALA and Dubois's metrics result in a significant degree of variance when comparing two indices.

DuBois used all publicly available data to develop the index, including from the AALA, automakers' annual reports, and Form 10-K filings to the U.S. Securities and Exchange Commission. Automakers received up to a total of 100 percentage points based on the level of domestic outcomes.

Dubois argues that his index provides a more accurate assessment of a vehicle's true country of origin: "All that automakers are required to do is abide by the terms of the AALA, and I would argue the AALA is a flawed measure."

More information: kogodnow.com/autoindex/

Provided by American University

Citation: New auto index redefines which cars are really 'Made in America' (2013, April 30) retrieved 10 April 2024 from <https://phys.org/news/2013-04-auto-index-redefines-cars-america.html>

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