

Geography of Auto Production:

Will Detroit Continue to be Industry's Hub?

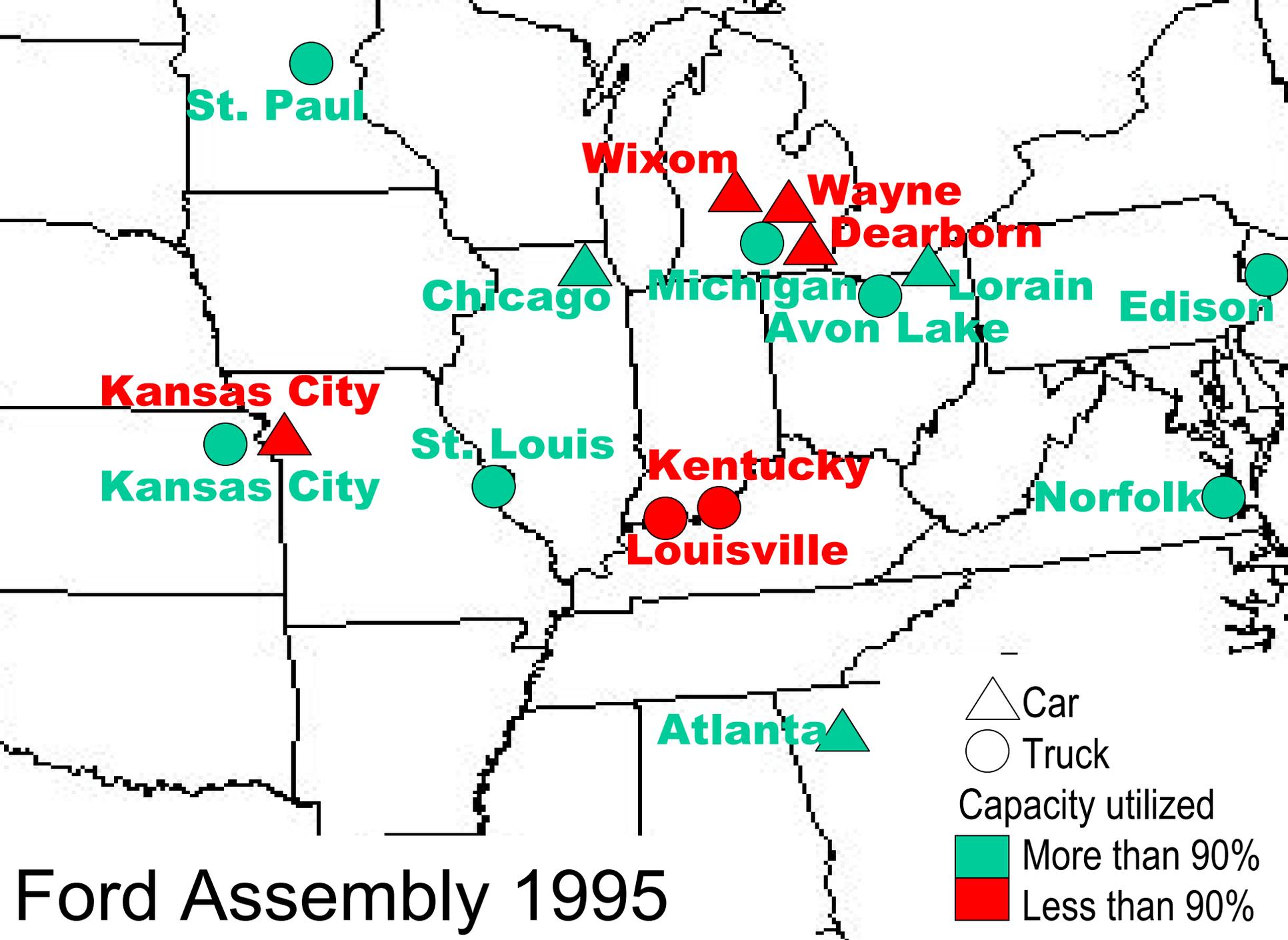
Federal Reserve Bank of Chicago
Detroit, November 3, 2003

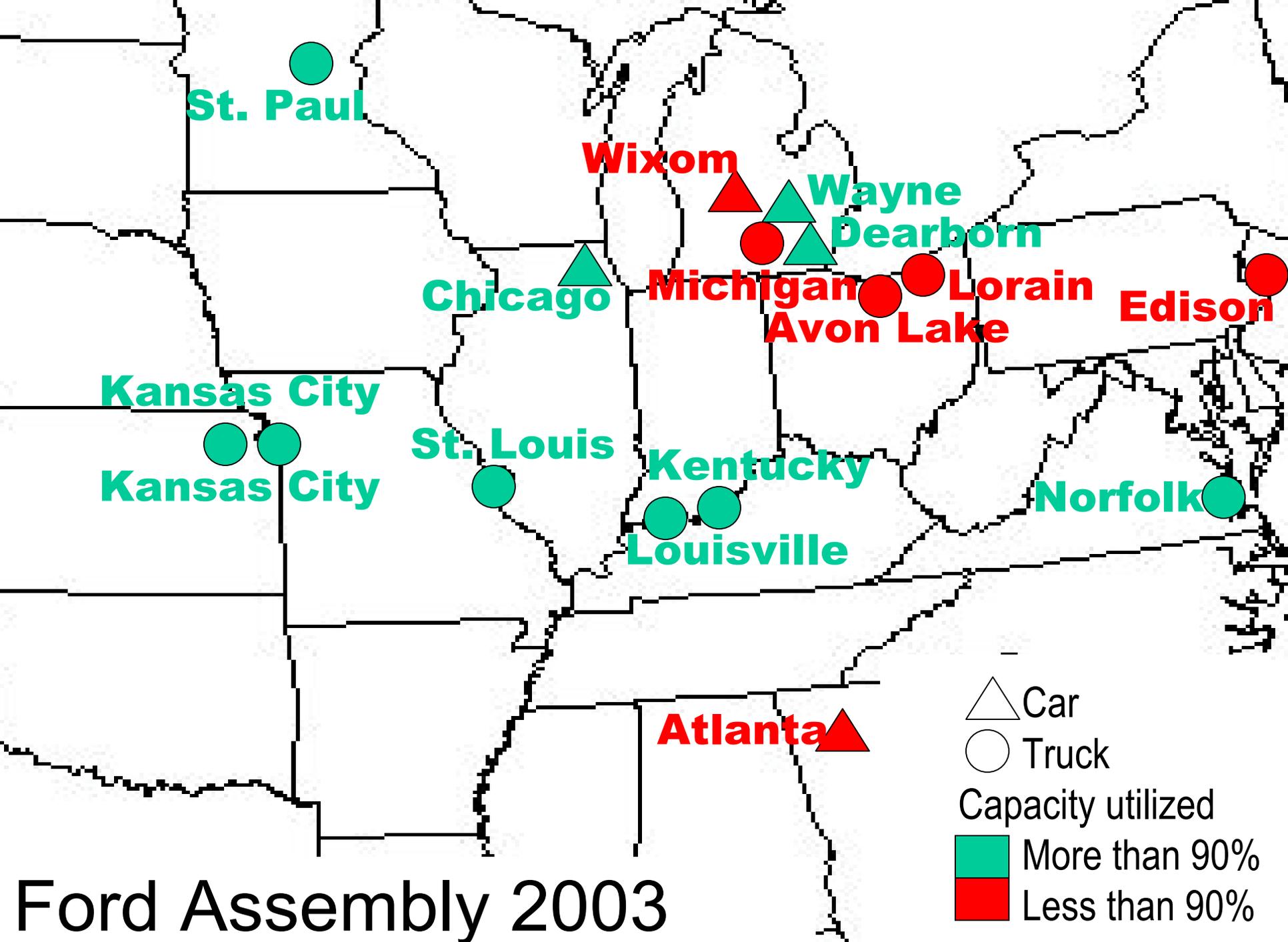
Current Geography and Longer Term Perspective

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Miami University (Ohio)

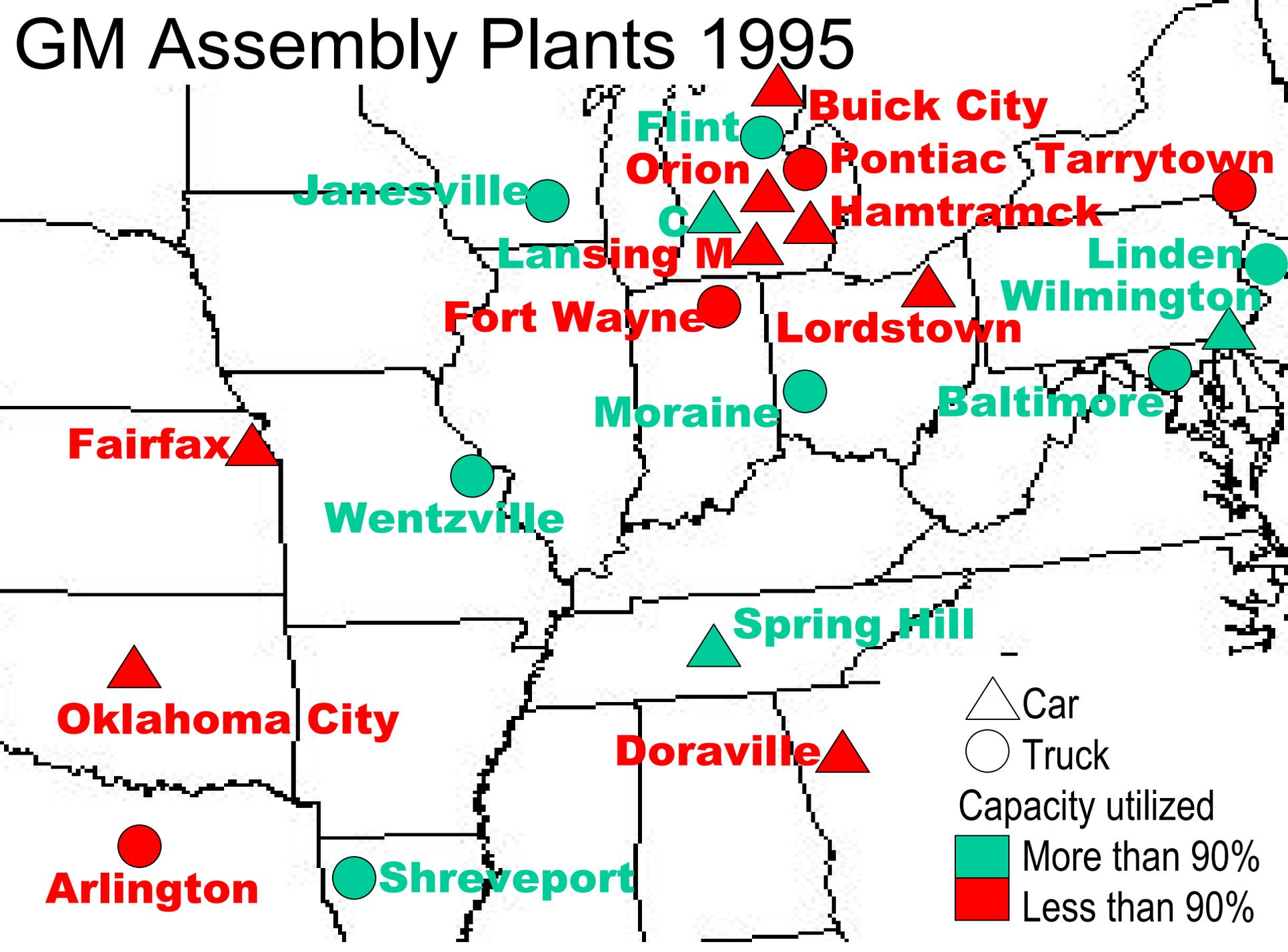
Current geography

- Underutilized assembly plants
- Changing supplier location

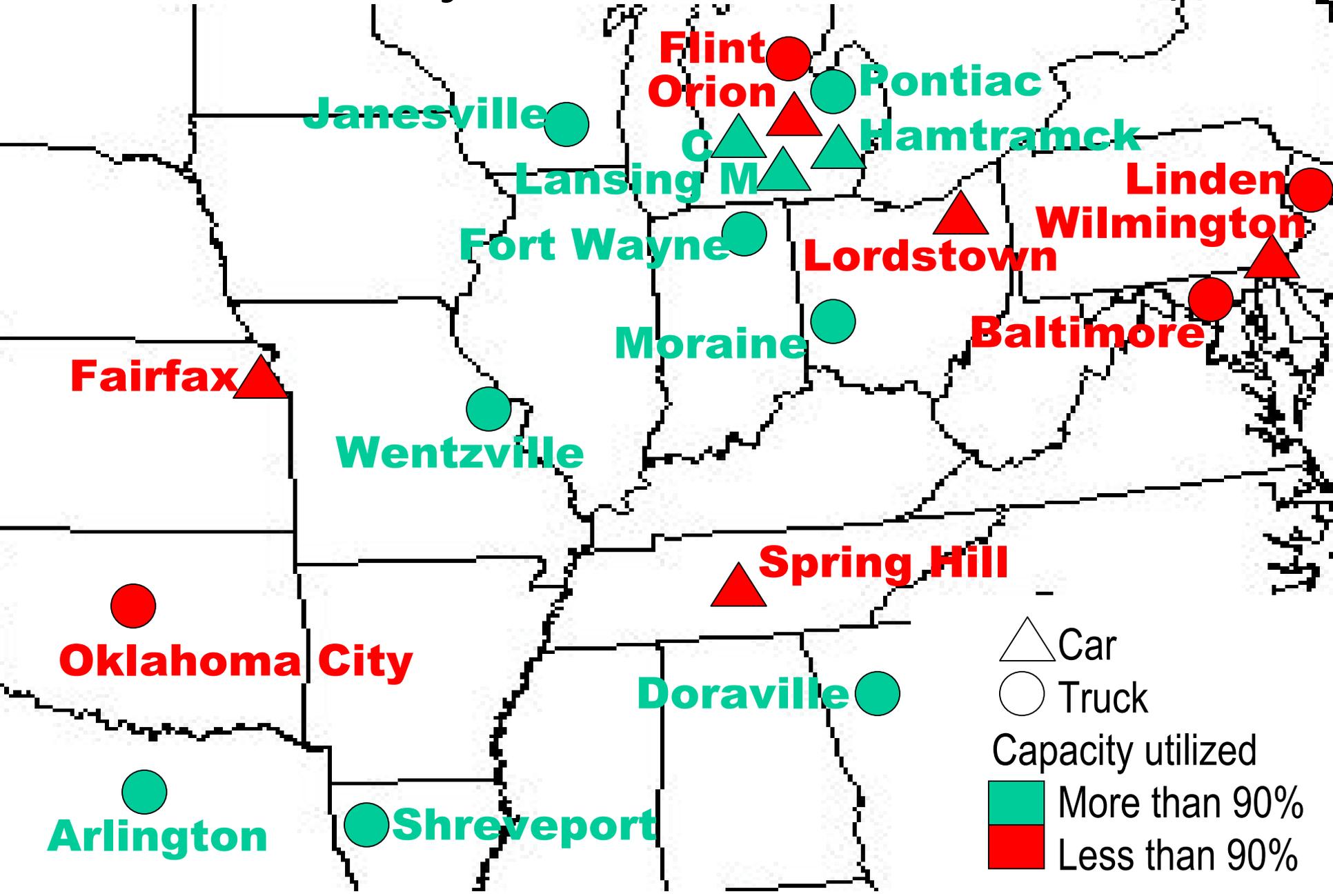




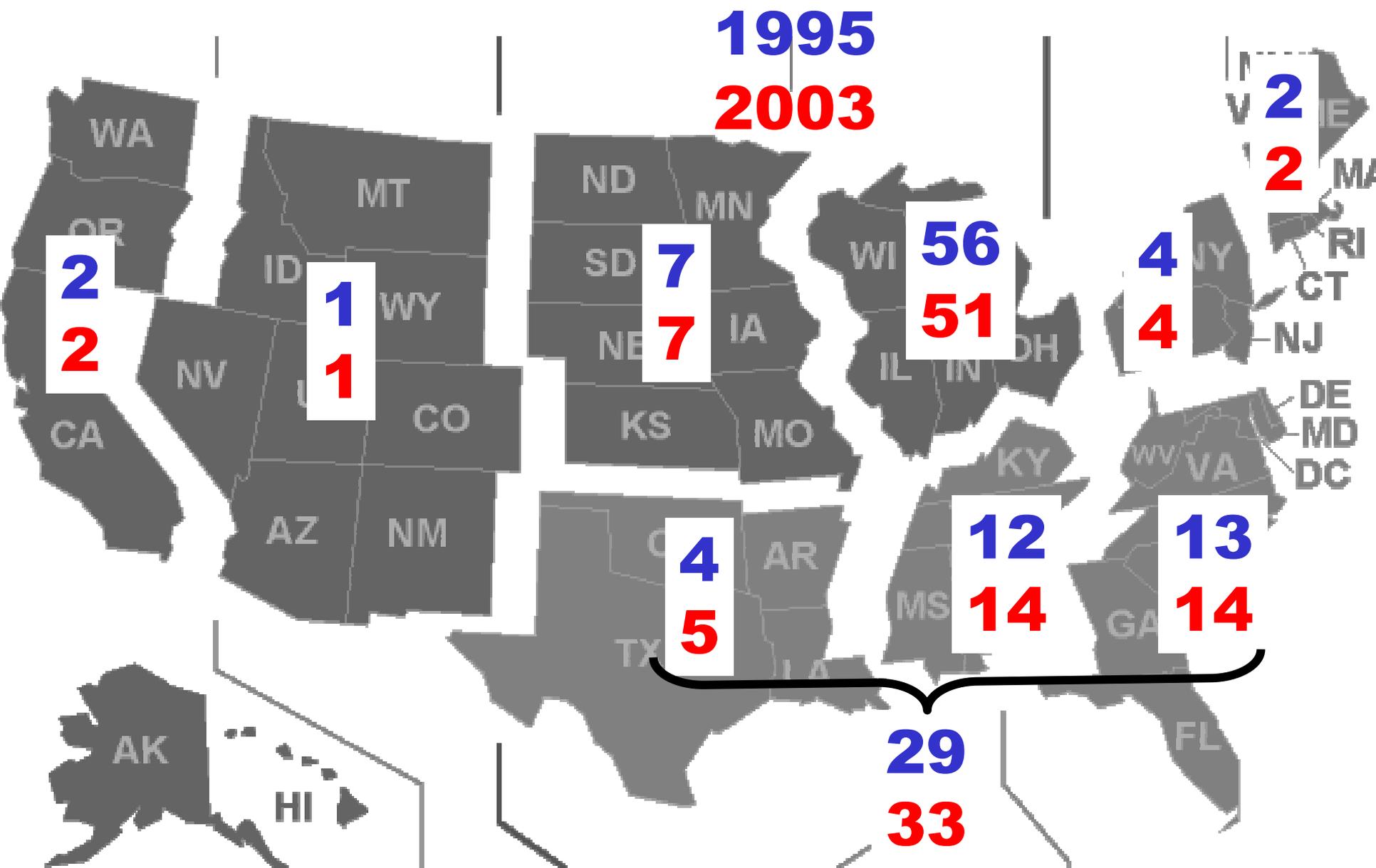
GM Assembly Plants 1995



GM Assembly Plants 2003

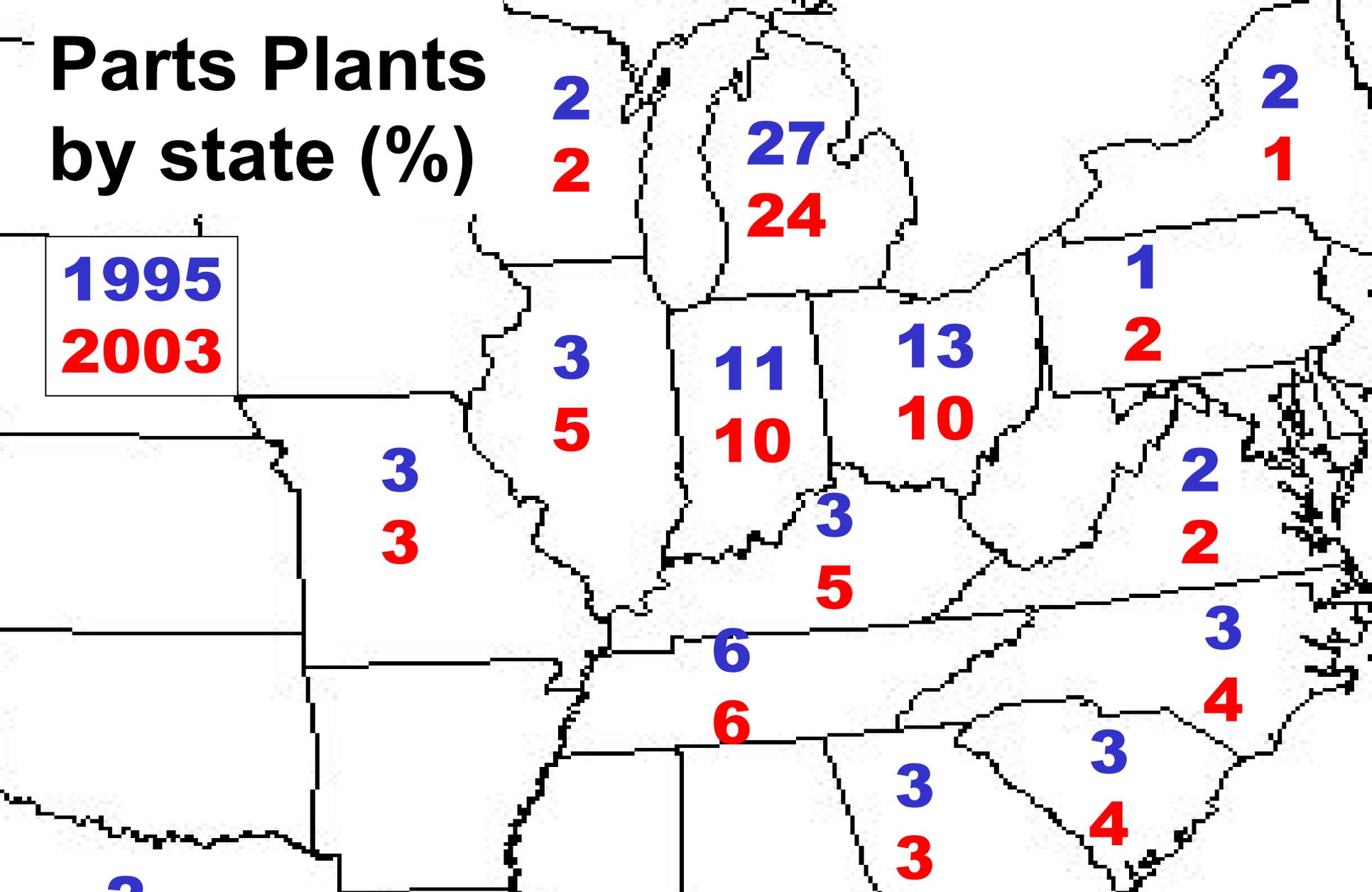


% Total Parts Plants by Region



Parts Plants by state (%)

1995
2003



States with at least 2% of all plants

The longer term

- 5 years
- 100 years

“Reality” Today: Big 3

- GM building vehicles to fund health and pensions
 - Ford in disarray
 - Chrysler no longer a Big 3
- But realities change quickly

“Reality” 5 years ago: Big 3

- Closed quality gap
- Closed productivity gap
- More profitable

“Reality” 5 years ago: Toyota

- Aging demographics
- “Kaizen” out-of-control

“Reality” 5 years ago: Honda

- Selling cars in a truck market
- Too small to remain independent

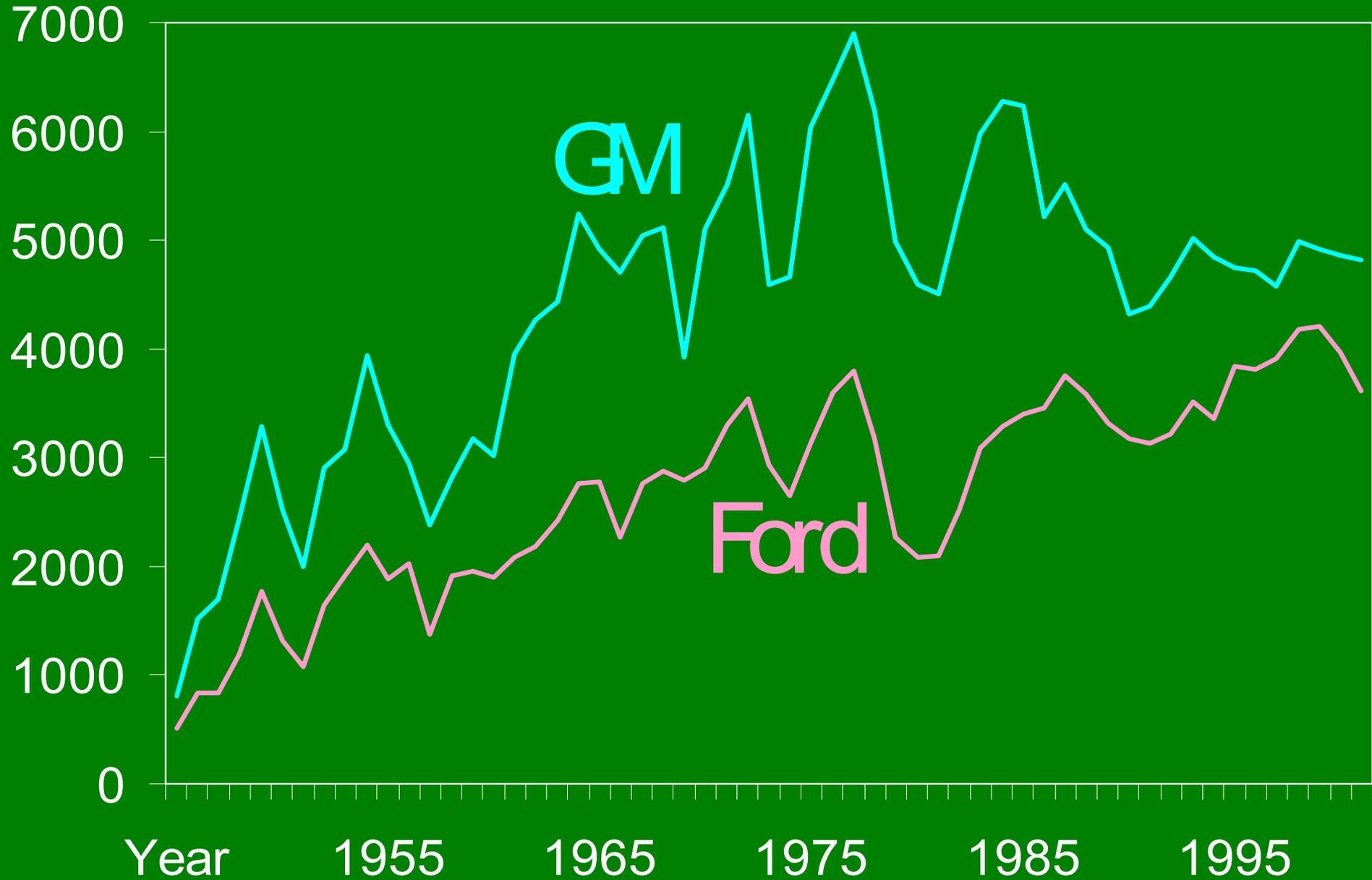
“Reality” 5 years ago: Nissan

- Lost money even in boom '90s
- Renault to the rescue – seriously??

The longer term: 20th century

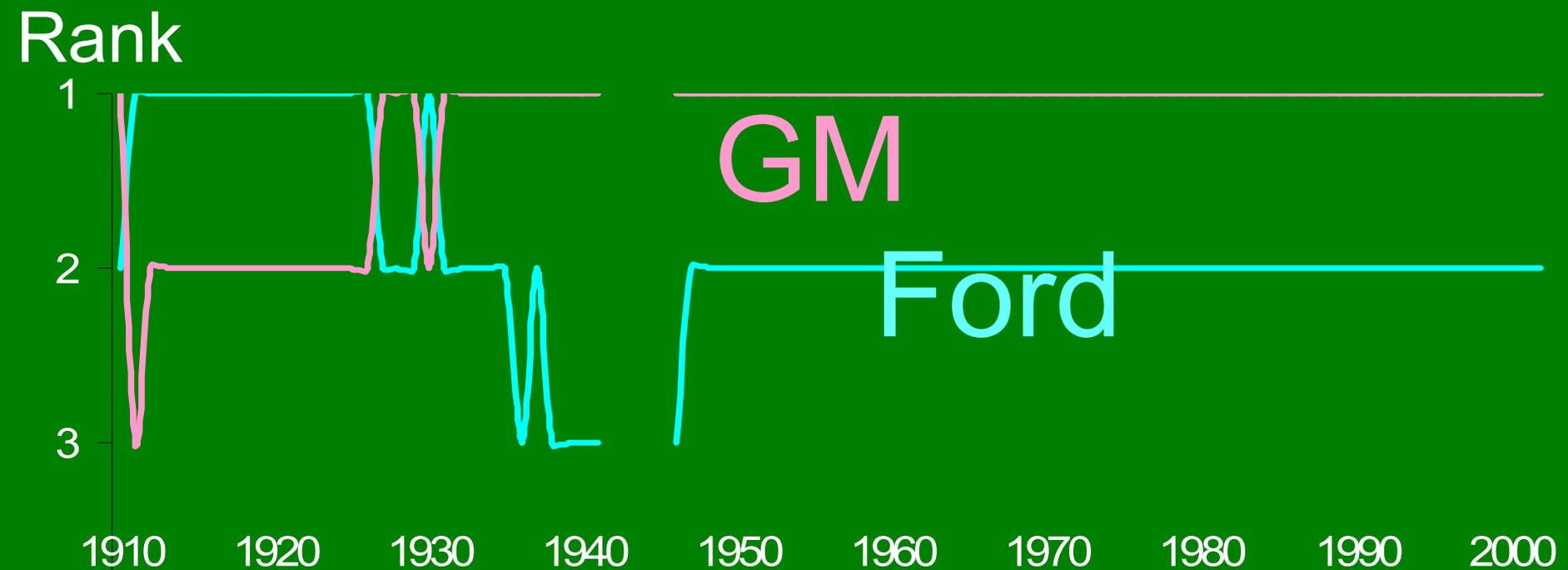
- GM and Ford have increased sales

Light Vehicles Sales (000)



The longer term: 20th century

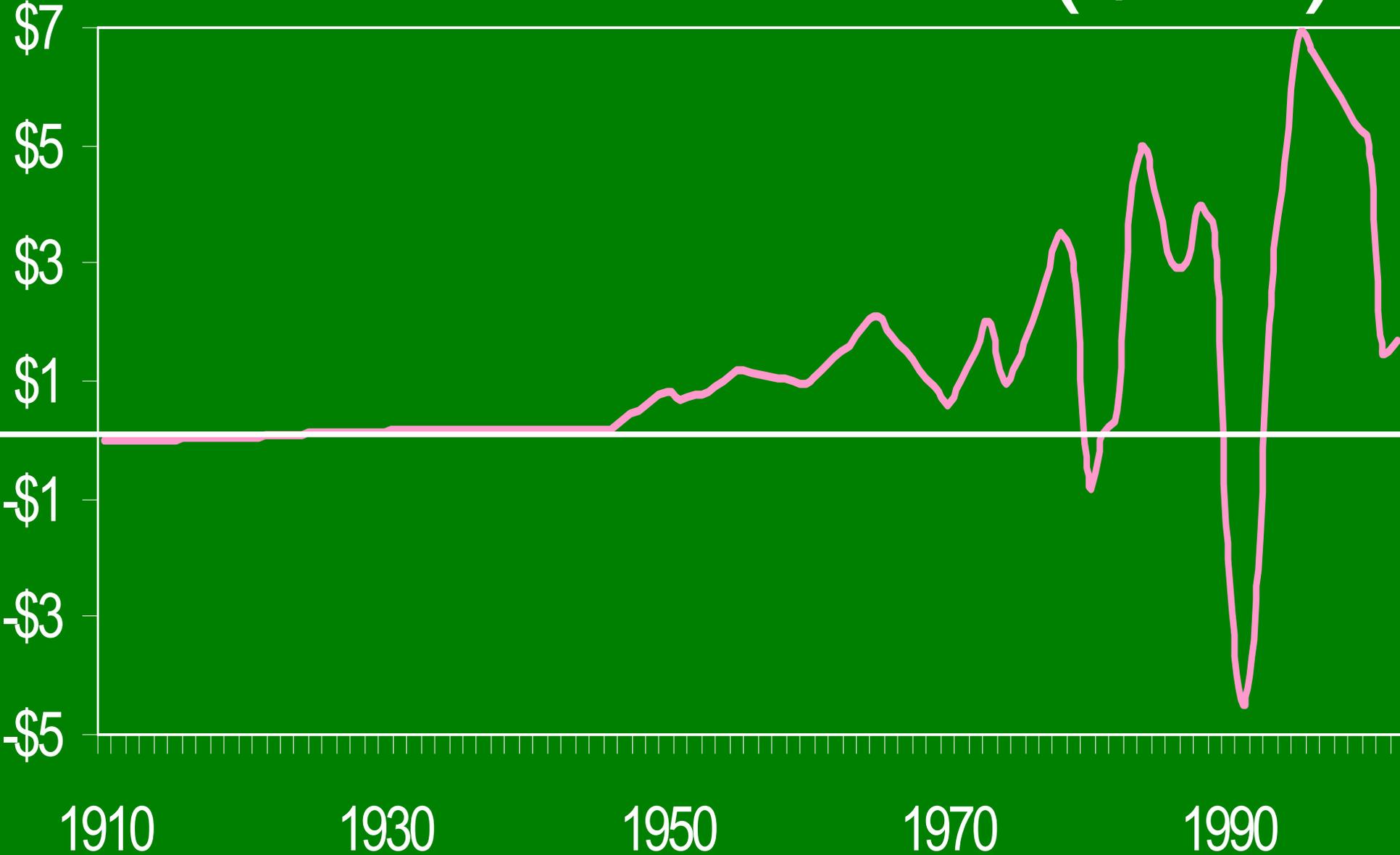
- GM and Ford top two in sales



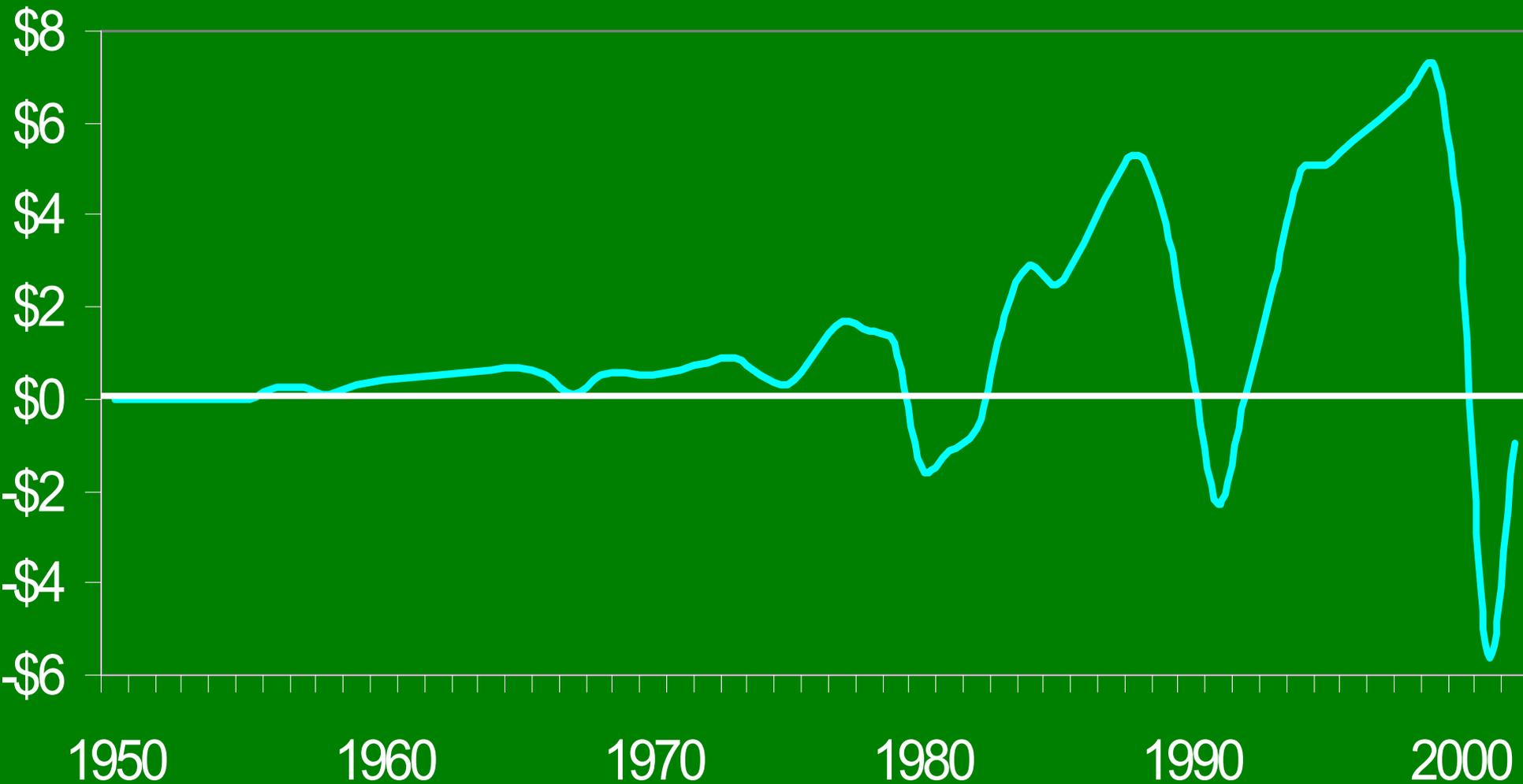
The longer term: 20th century

- GM and Ford have made money

GM Net Income (\$bn)



Ford Net Income (\$bn)



The longer term: 20th century

- GM and Ford have survived worse

Ford awarded
highest Nazi
honor



Battle of the
Overpass

Durant
bankrupts
GM twice



Unsafe at any speed

