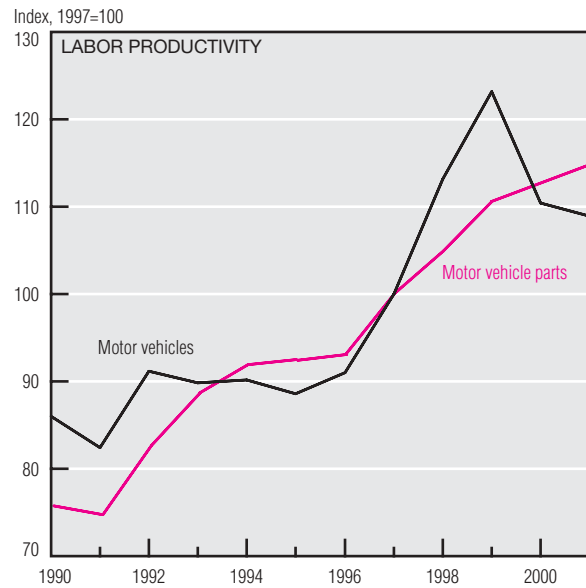
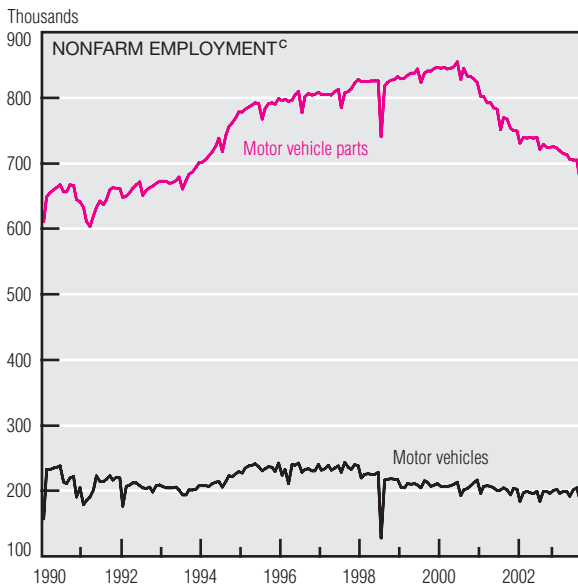
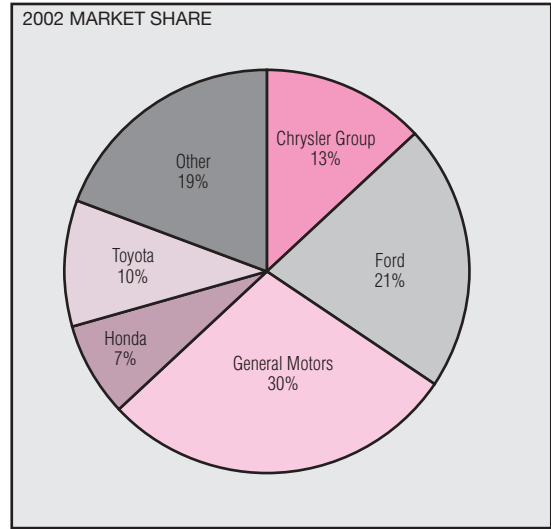
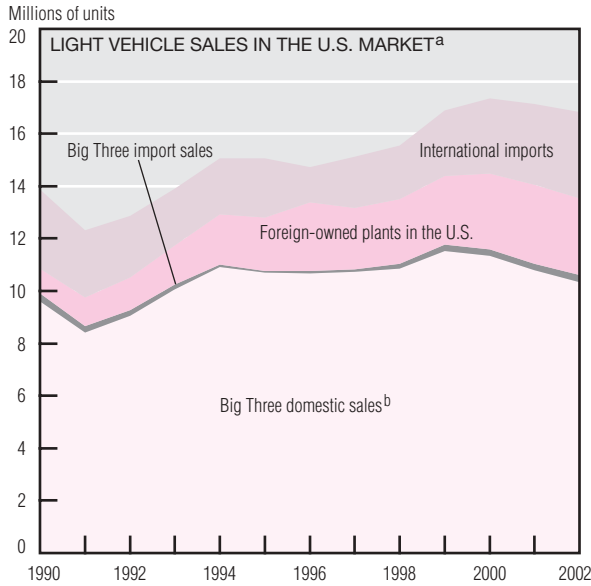


Motor Vehicle Production



NOTE: All data are seasonally adjusted unless otherwise noted.
 a. The international firms included are Honda, Mitsubishi, Nissan, Subaru, and Toyota.
 b. Domestically produced sales, including Canada.
 c. Not seasonally adjusted.
 SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and United Auto Workers.

The future of domestic motor vehicle production was a critical issue in the recent United Auto Workers' negotiations. In 1999, Ford, General Motors, and DaimlerChrysler (the Big Three) agreed not to close any facilities for the term of the contract. In the most recent round, the UAW agreed to let those automakers reduce some of their excess capacity by closing certain facilities, some potentially in the Fourth District.

Cars produced in foreign-owned plants have continued to gain U.S. market share, despite the steady stream of incentives offered by domestic manufacturers. Total sales of light vehicles (automobiles and light trucks) are still reasonably robust: 16.4 million over the last 12 months. The Big Three's share of total sales fell from about 82% in 2002:IIQ to 79% in 2003:II.

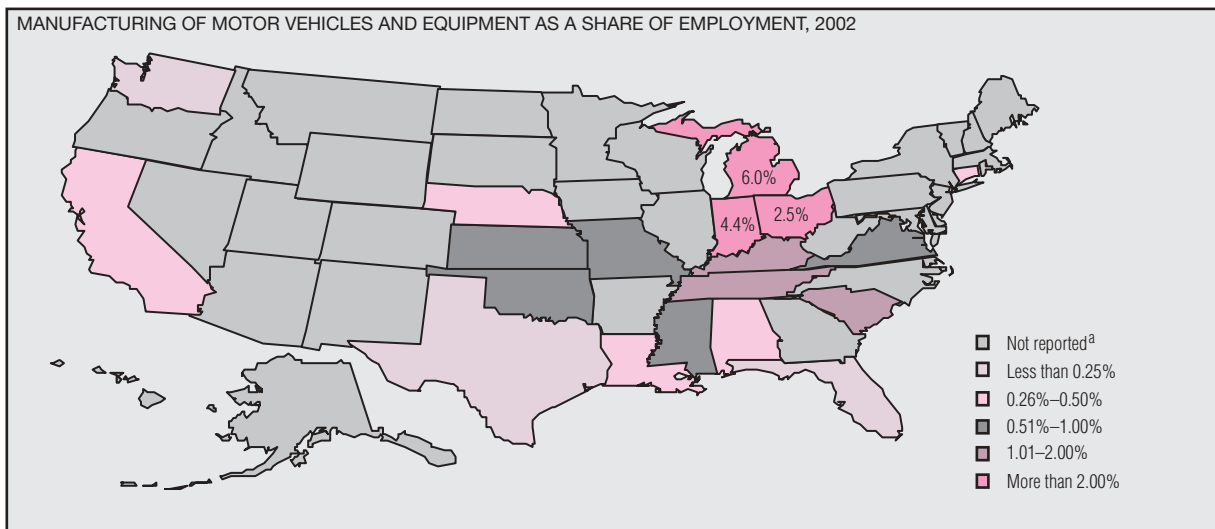
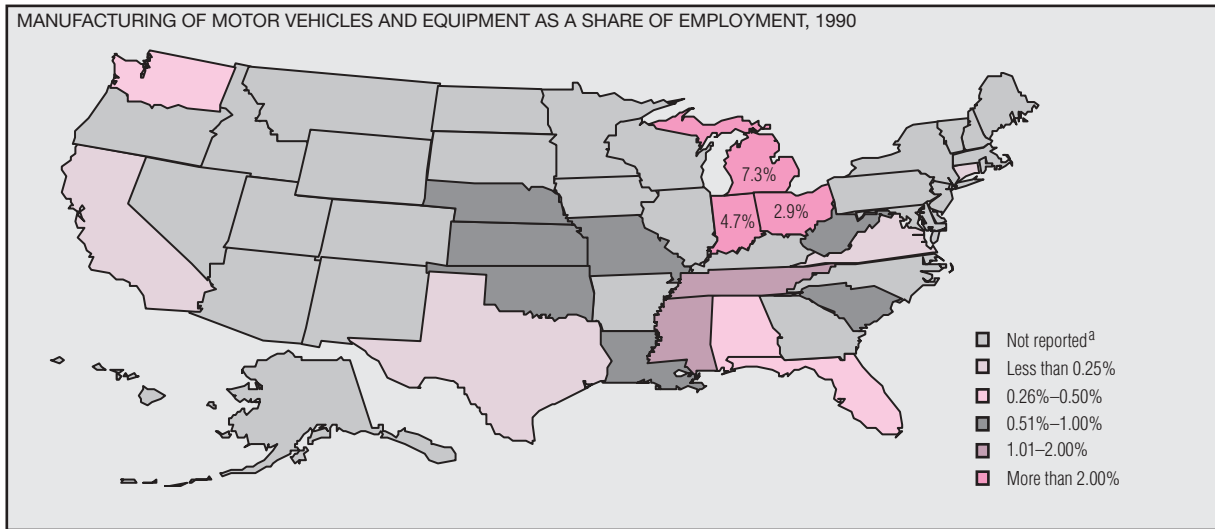
Honda, Toyota, and Nissan, whose cars are selling very well, are producing

more of them in U.S. plants. Honda now makes an annual 815,000 units in the U.S., roughly 68% of the number they sold here in the last 12 months. During that period, Toyota and Nissan produced a combined 1.1 million units, about 49% of their U.S. sales.

Although total U.S. sales and production figures have been remarkably steady for a recession, employment in motor vehicle assembly and parts has been trending down since

(continued on next page)

Motor Vehicle Production (cont.)



NOTE: All data are seasonally adjusted unless otherwise noted.
 a. These states do not meet the Bureau of Labor Statistics' reporting standards, primarily because their auto industry employment is low.
 SOURCES: U.S. Department of Labor, Bureau of Labor Statistics; and United Auto Workers.

June 2000. Productivity growth in these industries has been substantial. Since 1999, the parts industry, which is characterized by intense competition, has shown the strongest gains.

The Fourth District has a relatively large stake in auto production. In 2002, auto and parts production accounted for 2.5% of Ohio's workforce and 1.1% of Kentucky's, compared with the national average of 0.9%. The Fourth District's overall

share has been fairly stable since 1990, with auto production consolidating around the I-75 corridor and expanding south. Much of the District's gain in auto employment occurred because foreign automakers located substantial facilities here. Honda's Ohio plants employ 1% of the state's assembly workers and have drawn many suppliers to the area. Similarly, the Toyota plant that opened in 1998 in Georgetown, Kentucky, accounts for almost all

of that state's assembly jobs and increased employment in parts production as well.

The District's auto manufacturing jobs will probably drop, more likely because of workforce attrition than through the recently negotiated closings of plants under the new UAW contract. The Ford assembly plant in Lorain, which employs 1,700 workers, is the largest of the plants in the District that are suggested for closure.