



Manufacturing Outsourcing,
Onshoring, and Global Equilibrium

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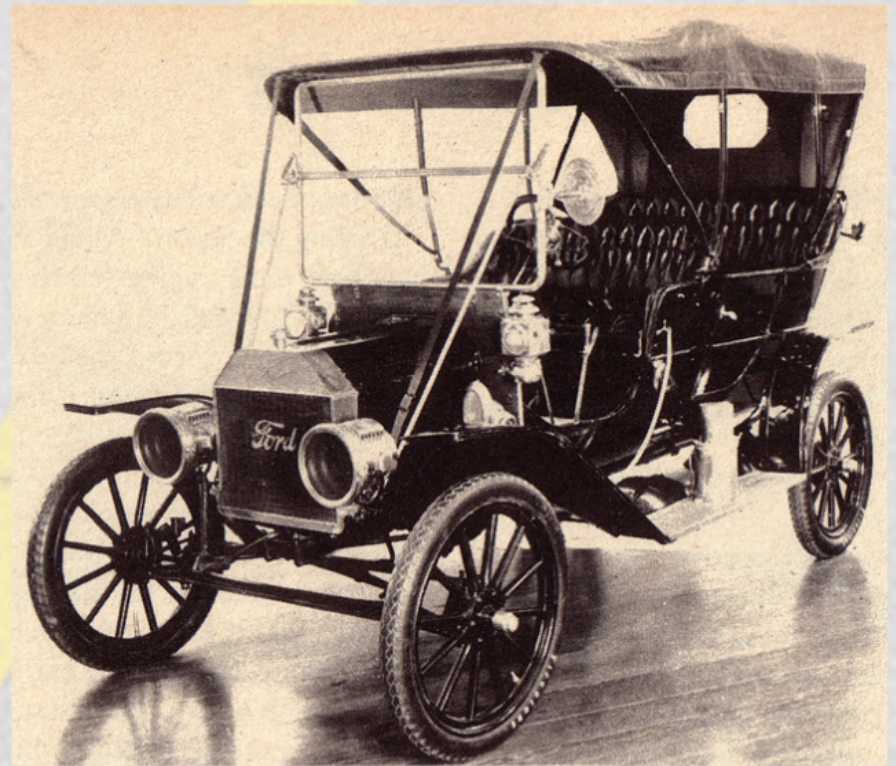
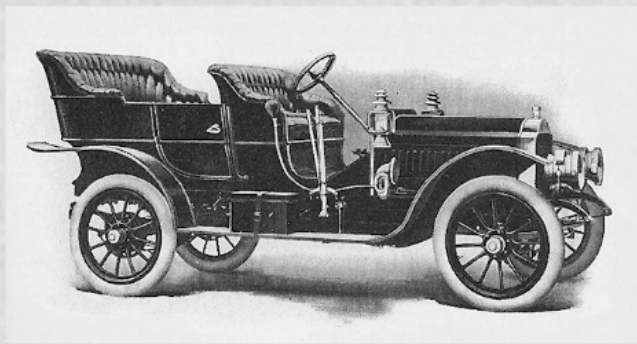
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Focus Question

"What is the impact of Global Competition on the American Automotive Industry today?"

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Background Information

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The nation's Motor City, also known as Detroit, Michigan, is most famous for its record breaking motor developments. Yet, as automobile popularity began to grow, the U.S. was soon only a small part of the industry. Globalization lead to an increase in automobile manufacturers around the world. This was the start of the competition in the industry that we know today.

THE CAR

DETROIT



is all you can possibly get in any car sold under \$2,500, the amount of H.P. excepted. The construction and materials used in Detroit Cars are the best, and the equal in every way of cars costing three and four times as much.

The engine, which is under the hood and of the two-cylinder opposed type, runs as smooth and noiseless as any 4 or 6 cylinder engine in the world.

The body is large, luxurious and very handsome. The engine is 24 H.P. The Detroit has a long wheel base, shaft drive, three speeds, Brown Lipe sliding gear transmission, 32-inch wheels, and full lamp, horn and tool equipment.

J.N. WILLYS CO.
Exclusive
Selling Agents
Elmira, N. Y.
Agents Wanted

Manufactured by
**DETROIT AUTO
VEHICLE CO.**
Factories:
Detroit, Mich.,
Romeo, Mich.

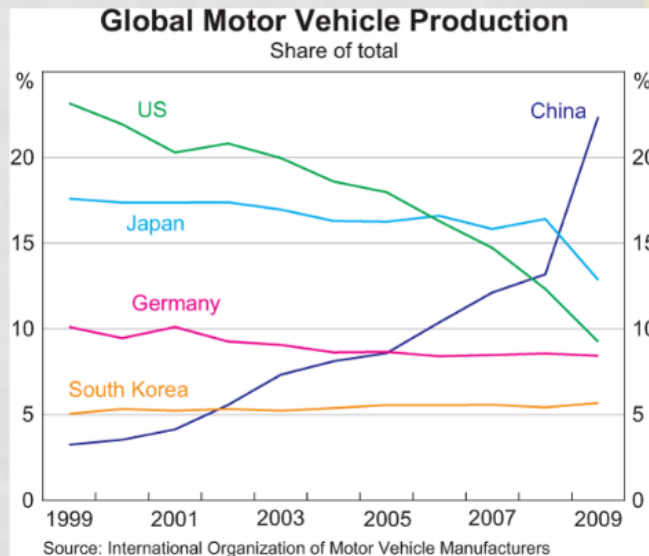
Price \$1,500



New Markets

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People all over the world are buying automobiles. New markets for automobile sales have increasingly grown since the creation of the car. China is currently the largest car market in the world. Not only does China produce the most cars yearly, but this country also holds the number one spot for car sales worldwide. Last year, it sold around 17.4 million vehicles. This is unfortunate for United States considering it being the founding country of the automobile.



The graph at the left shows China taking the lead in motor vehicle production.

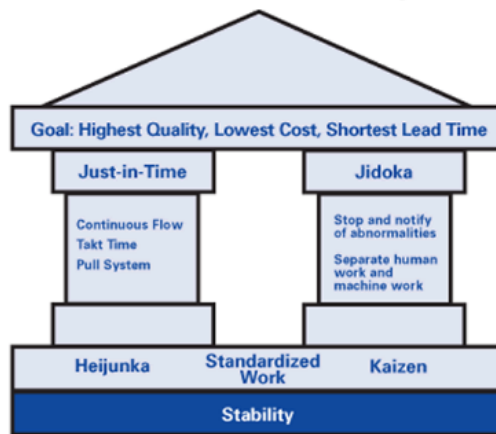


New Methods of Production: The Toyota Production System

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What is it?

The Toyota Production System is an automobile manufacturing process that believes in "daily improvements." This is vital for the company's global evolution. The company uses tactics that minimize waste in between operations. The elimination of waste resulted in the Just-In-Time concept that the company swears by.



Toyota Production System "House."

New Methods of Production (Cont.)

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Why should the auto manufactures in the United States switch to new methods of production?

The United States is always looking for ways to advance in the mass production of quality products. Automobile manufactures in the U.S. waste numerous amounts of materials while developing new vehicles. If companies were to switch to new methods of production, such as the TPS, the companies would have much less wasted product and an all around better vehicle. By having less waste, the country would save money. With using a different method, the country would be able to produce more while saving more.



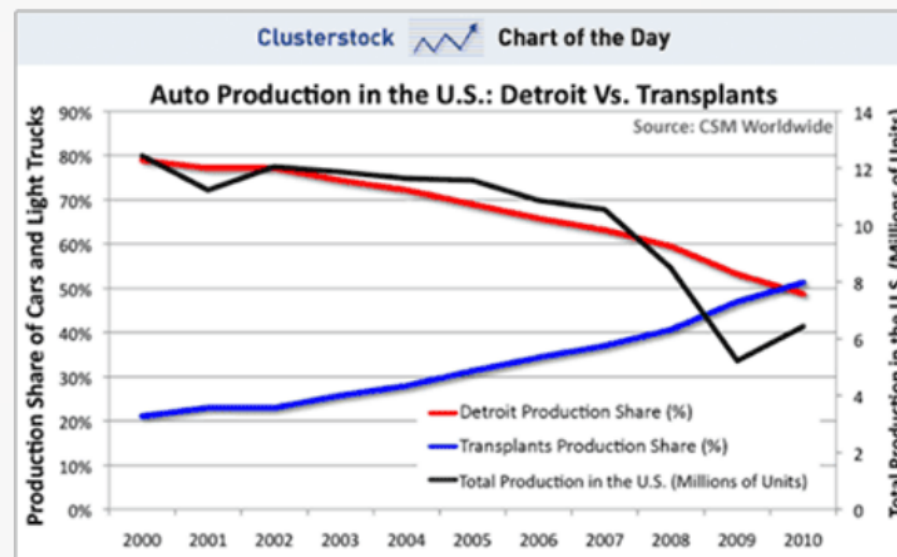
This image depicts the TPS's methods to creating an efficient manufacturing process.

New Methods of Production (Cont.)

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Oil and Energy Issues

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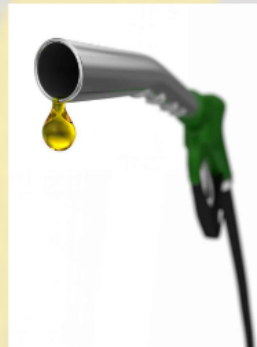
Hybrid: A hybrid vehicle is a vehicle that uses two or more distinct power sources to move the vehicle.

Electric Vehicle: An electric car is an automobile that is propelled by one or more electric motors, using electrical energy stored in rechargeable batteries or another energy storage device.

Vehicles that run on CNG: Compressed Natural Gas is a readily available alternative to gasoline that's made by compressing natural gas to less than 1% of its volume at standard atmospheric pressure. Consisting mostly of methane, CNG is odorless, colorless and tasteless. It's drawn from domestically drilled natural gas wells or in conjunction with crude oil production.

High Gasoline Prices Impact The Global Automobile Industry.

The higher the gasoline prices, the lower the car sales. If gas prices are high, the person planning on buying a car will be less likely to do so because of the costs. If the world had lower gasoline prices, car sales would drastically increase.



Oil and Energy Issues (Cont.)

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The United States has fairly low gasoline prices in comparison to the rest of the world.

This chart is a comparison with U.S. currency.

Country	Price per gallon	Country	Price per gallon
USA	\$3.00	USA	\$3.00
Canada	\$3.50	Canada	\$3.50
UK	\$4.50	UK	\$4.50
France	\$5.50	France	\$5.50
Germany	\$6.50	Germany	\$6.50
Italy	\$7.50	Italy	\$7.50
Spain	\$8.50	Spain	\$8.50
Japan	\$9.50	Japan	\$9.50
China	\$10.50	China	\$10.50
India	\$11.50	India	\$11.50
Australia	\$12.50	Australia	\$12.50



Oil and Energy Issues (Cont.)

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The United States has fairly low gasoline prices in comparison to the rest of the world.

This chart is a comparison with U.S. currency.

City, Country	Price per gallon regular (in U.S. currency)	City, Country	Price per gallon regular (in U.S. currency)
Istanbul, Turkey	\$9.63	Caracas, Venezuela	\$0.06
Asmara, Eritrea	\$9.59	Riyadh, Saudi Arabia	\$0.45
Oslo, Norway	\$9.27	Tripoli, Libya	\$0.54
Athens, Greece	\$8.50	Ashgabat, Turkmenistan	\$0.72
Monte Carlo, Monaco	\$8.45	Manama, Bahrain	\$0.80
Copenhagen, Denmark	\$8.42	Kuwait City, Kuwait	\$0.81
Stockholm, Sweden	\$8.18	Doha, Qatar	\$0.88
Brussels, Belgium	\$8.17	Cairo, Egypt	\$1.13
London, U.K.	\$8.17	Muscat, Oman	\$1.18
Amsterdam, Netherlands	\$8.01	Algiers, Algeria	\$1.19

AIRINC

