

COMMENTS OF THE

JAPAN AUTOMOBILE MANUFACTURERS ASSOCIATION

IN RESPONSE TO USTR FEDERAL REGISTER NOTICE

**“JAPAN’S EXPRESSION OF INTEREST IN THE TRANS-PACIFIC
PARTNERSHIP NEGOTIATIONS”**

(76 Federal Register 76480 (December 7, 2011))

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Introduction

The Japan Automobile Manufacturers Association, Inc. (JAMA) appreciates the opportunity to present its views in response to the U.S. Trade Representative's December 7, 2011 request for comments regarding "Japan's Expression of Interest in the Proposed Trans-Pacific Partnership Trade [TPP] Agreement."

JAMA is a Tokyo-based, nonprofit industry association that represents Japan's 14 manufacturers of passenger cars, trucks, buses and motorcycles. JAMA's member companies are Daihatsu Motor Co., Ltd.; Fuji Heavy Industries Ltd.; Hino Motors, Ltd.; Honda Motor Co., Ltd.; Isuzu Motors Limited; Kawasaki Heavy Industries, Ltd.; Mazda Motor Corporation; Mitsubishi Motors Corporation; Mitsubishi Fuso Truck & Bus Corporation; Nissan Motor Co., Ltd.; Suzuki Motor Corporation; Toyota Motor Corporation; UD Trucks Corporation; and Yamaha Motor Co., Ltd. Virtually all of our members invest, and most of them produce and sell, automotive products in the United States. They provide employment for more than 400,000 Americans and are inextricably linked to the U.S. economy.

JAMA wishes to make three basic points in this comment:

1. JAMA welcomes Japan's announcement of its intent to enter into talks aimed at negotiating a TPP agreement.
2. On numerous occasions in the course of the TPP discussion unsubstantiated allegations have been made insisting that Japan's auto market is closed. However, the fact is that the Japanese auto market is fully open.
3. JAMA is and will continue working together with worldwide auto and auto parts interests to address Japan market-related concerns.

1. JAMA welcomes Japan's announcement of its intent to enter into talks aimed at negotiating a TPP agreement

JAMA's member companies strongly support open trade and investment and have worked for many years to help create the current positive business climate in the global auto industry. That business climate, in which companies compete not only in local markets but also around the world, has been a result of the fact that the liberalization of trade and investment is far more economically beneficial than trade protection.

Where motor vehicles are concerned, it is the quality, drivability, safety and innovation that is incorporated into them that creates and should create the competitive edge. This, we believe, is in the best interests of the consumer.

Consistent with that positive approach to auto trade, JAMA and its member companies welcome the ongoing TPP initiative. JAMA believes that Japan's participation in the TPP will contribute constructively to the development of rules that promote free trade, open investment and the protection of intellectual property rights among other benefits.

JAMA Chairman Toshiyuki Shiga has commented as follows on the Government of Japan's announcement of its intent to enter into talks aimed at negotiating a TPP agreement:

Over the decades, vibrant and extensive business activities have been nurtured by the Japanese automobile industry in the Asia-Pacific region. Taking this into account, it is anticipated that a TPP Agreement, once concluded, will be effective in enhancing the business environment and advancing free trade in that region.

Accordingly, JAMA looks forward to the Japanese government's sustained and vigorous efforts on this issue to help expedite the early achievement of a [TPP] agreement.

2. The Japanese auto market is fully open

JAMA observes that at times in the course of the TPP debate in the United States, unsubstantiated claims have been made that Japan's market is closed to imports. On the contrary, Japan's auto market is completely open to other countries' products. No restrictive customs or other regulations apply to imported vehicles.

For example, Japan's tariffs have been at 0% for passenger vehicles, trucks and auto parts since 1978. In comparison, tariffs are imposed in some of the countries that have already joined the TPP initiative as follows: Singapore: 0% on all vehicle types; Vietnam: 83% on passenger cars; Malaysia: 30% on passenger cars; Peru: 6% on passenger cars; Australia: 5% on passenger cars and trucks; the United States: 2.5% on passenger cars and 25% on trucks.

Moreover, Japan has taken steps over the years to assist foreign manufacturers in their efforts to sell their vehicles in Japan. A principal step was the development and implementation of alternative systems to expedite certification of imported vehicles.

The American Automotive Policy Council (AAPC) on behalf of the "Detroit 3" (General Motors, Ford, and Chrysler) have simply pointed to the low U.S. market share in Japan to support their claim that the Japan market is closed. This reasoning is erroneous.

From the market share perspective, a number of consumer demand and environmental factors have contributed to the dominance of the under 2000 cc car segments in Japan's car market. Their excellent fuel efficiency and affordability appeal strongly to consumers, and it is consumers' own choices that have resulted in the under 2000 cc cars accounting for a combined 86 percent share of Japan's passenger car market.

European makers sell into the under 2000 cc car segment in Japan in a targeted response to consumers' preferences. The "Detroit 3" together offer only one model in the under 2000 cc car segment, whereas the European manufacturers offer 75 models.

In recent years, at the same time the number of dealers selling European-nameplate vehicles has increased, there has been a significant decrease in the number of Japanese dealers that sell U.S. vehicles. For example, in 1996 there were about 620 dealers selling

“Detroit 3” cars, and 755 dealers selling European cars. Now there are 160 dealers selling U.S. cars and 1,302 dealers selling European cars.

Accordingly, European share has been rising.

3. JAMA is and will continue working together with worldwide auto and auto parts interests to address any Japanese market-related concerns

For well over 30 years, JAMA has encouraged and fostered an open and constructive dialogue with auto and auto parts industries and relevant government agencies around the world. Our objective has been and is to promote harmonization and trade liberalization. JAMA is currently engaged in a constructive dialogue with the European auto industry, and continues to work with trade associations in Europe and the United States on such matters as harmonization of vehicle standards.

Meanwhile, JAMA has offered and remains prepared to address perceived barriers to exports to Japan when and where specific problems are identified. As yet, we have not heard any specifics from AAPC or its members.

Conclusion

The TPP offers an historic opportunity to establish a free trade agreement that will serve the interests of consumers in a vast region of the world. JAMA strongly supports these goals and Japan’s early participation and contribution to constructive negotiations towards a successful TPP agreement. In this regard it is vital that the TPP discussions with Japan be based on substantive questions of trade policy, not on unfounded claims and demands for guaranteed market share.

JAMA is confident that any objective analysis of Japan’s auto market today will show that that market is not and should not be an “issue” in the decision as to whether or not to accept Japan into the TPP discussions.