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Opposing points of view:

Understand the real reasons for current auto market share in Japan, and seize trade talk's full opportunities

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President Barack Obama has embarked on a bold effort toward a free trade agreement for the Pacific Rim. This Trans-Pacific Partnership (TPP) promises a dramatic increase in trade, investment, economic growth and jobs.

Japan's Prime Minister Yoshihiko Noda supports this effort and is working with the president to bring Japan into the negotiations. The TPP offers a historic opportunity to serve consumers in a vast region of the world. It should include Japan and move forward expeditiously

One issue obviously close to the state of Michigan is the opportunity to sell automobiles in Japan and other Asian markets. This is a legitimate issue with a long history. However, it is important that decisions on auto trade be based on the facts, the true nature of the markets and opportunities for the future.

Japanese automakers are known for their investment around the world. Nearly 70% of the vehicles they sell in the U.S. are built in North America. On the other hand, the Japanese auto market is less understood. This has led some to close their eyes to new opportunities.

The naysayers point to low import market share in a competitive market; they throw up their hands, withdraw and claim market barriers. Absent specifics, they merely demand market share gains as a condition to negotiate. This is not the free trade promised by the TPP initiative. It is "managed trade," and it is not the way forward.

Japan's auto market is dominated by small cars. There are many reasons for this, among them being the price of gasoline exceeding $6 a gallon. Some don't realize that 86% of the market consists of mini and small cars. Many popular cars sold in Japan are achieving close to 70 m.p.g. High quality is essential, but quality alone does not do the trick.

Competing in Japan, as in the U.S., requires investment, market strategy and, most of all, attention to local customers' needs. Building for one market and expecting to readily sell the same vehicle in another simply does not work.

European automakers have demonstrated that foreign cars can compete successfully in the Japanese market. They built a sales base in Japan by first focusing on the large and luxury segments. They have signed up a network of dealerships that has nearly doubled, from 755 in 1996 to 1,302 today. European car makers now capture 18% of the high-profit luxury market. They are also making inroads into the small car segment, where their market share exceeds 5%.

The Japanese government and the Japanese auto industry have repeatedly offered to discuss both concerns and opportunities in Japan's auto markets and have responded positively to those who take advantage of the outreach. The offer is still open. This is the way to go, rather than dwelling on history, blaming the yen and demanding market share. Regardless of perspective on Japan's auto market, let's put the true facts on the table and let the chips fall where they may.

The bottom line is that neither the U.S. nor the Pacific Rim should lose the unique opportunity presented by the Obama administration. Completing this task will likely be a difficult undertaking.

There are, undoubtedly, a variety of special interests, misconceptions and suspicions in all countries that must be overcome. But the goals can be reached if we keep the eye on the ultimate benefits to be gained across the board and move forward together.

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