



JAMA sets out its trade principles – see inside pages

## JAMA Update

### JAMA-ACEA Tokyo Meeting

**D**uring the Tokyo Motor Show, Mr Piëch, President of the European automakers association, ACEA, and Chairman of Volkswagen, met with Mr Tsuji, Chairman of JAMA, and Senior Advisor to Nissan. Both agreed that they would like to reinforce existing friendly relations between the two associations through regular meetings at all levels.

*“International dialogue and co-operation is vital as the automobile industry globalises.”*

#### Promoting International Auto Standards Harmonisation

Of particular concern to both associations is the need to promote the international harmonisation of auto standards. The potential of international harmonisation to greatly simplify the technical and testing burden on automakers as they prepare vehicles for different markets and different technical requirements is enormous. Both sides agreed to work closely together and with the US, in promoting this important issue more actively in the future.

#### Promoting International Dialogue

JAMA believes that international dialogue and co-operation is vital as the automobile industry globalises as common issues can be discussed and potential conflicts avoided through frank dialogue between the industries involved. JAMA/ACEA top-level meetings are an important part of this process. ■

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**JAMA Update**  
**JAMA-ACEA**  
**Tokyo Meeting**

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**Topic**  
**The Future of Trade**

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**Focus on the US**  
**Japanese Automakers**  
**in America**



**A Monthly Review**  
**of the Japanese Motor**  
**Vehicle Industry**



# The Future of Trade

## JAMA's Trade Principles

At the end of November, politicians, industry, interest and pressure groups all looked to the Seattle WTO Ministerial Meeting to try to influence the future of international trade. The amount of interest and the sharp differences shown at the meeting well illustrate the complex arguments about the perceived benefits of international trade.

*“The economic benefits of greater openness – faster growth, cheaper imports, new technologies, the spur of foreign competition – that the world has enjoyed in recent years are too easily taken for granted.”*

### Benefits of Free Trade

The Japanese auto industry is strongly committed to free trade as it is an engine of growth and agree that “the economic benefits of greater openness – faster growth, cheaper imports, new technologies, the spur of foreign competition – that the world has enjoyed in recent years are too easily taken for granted. Greater prosperity is also the best way to improve working conditions and the environment” (Economist, 27<sup>th</sup> November).

### Global Industries Need Global Rules

Our industry, just as much as European industry, is becoming more global each year and is dependent on free trade for our future. A rules-based system with the World Trade Organisation (WTO) acting as an impartial adjudicator is vital for promoting multi-lateralism, over

unilateral and protectionist measures. Or, to put it another way, ensuring that every WTO nation benefits equally according to the “most favoured nation” principle, which extends trade concessions to all trading partners.

### High Costs of Protectionism

If lowering trade barriers has helped to increase the wealth of nations and has benefited international stability, the costs of protectionism are large. A forthcoming study by a French economist, Patrick Messelin, “estimates that trade protectionism of all kinds depresses the EU’s GDP by 6 to 7 per cent – as much as Spain’s economic output” (Financial Times, 29 November) and this is the cost in one of the most open regional economies of the world.

### An Inclusive Trade Agenda

In the maelstrom of the current trade debate, industry needs to promote a liberal agenda and promote the benefits of trade, while keeping political realities clearly in mind. Indeed, JAMA supports further moves towards liberalisation, but is equally mindful that the concerns of developing nations,

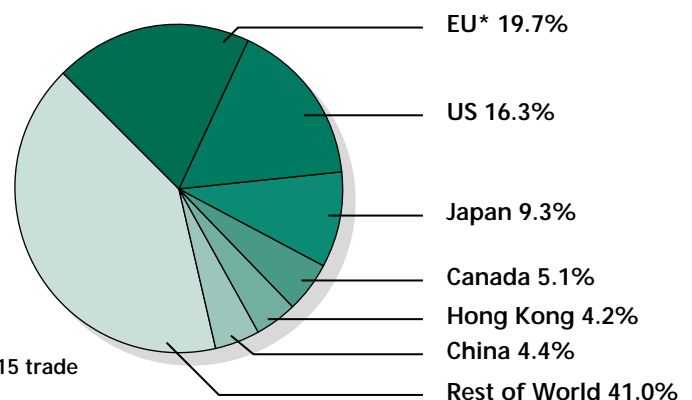
who have the opportunity to fully participate in future WTO trade rounds, need to be given serious attention. Liberalisation will not happen over night, but at least industry should strive to encourage positive progress towards this goal.

### Three Main Points for JAMA

JAMA is supporting three main themes for future trade development among WTO member nations:

- to continue negotiations on liberalisation, as there are still many barriers affecting international trade, and their dismantlement depends on a process of active political negotiation and mutual give and take between trading partners;
- the promotion of agreed rules for trade and investment, adjudicated impartially by the WTO, providing a level playing field for our industry which operates and invests globally; and
- encouraging non-members to join the WTO, so a maximum number of nations can benefit from the international trading system.

Share of World Trade, Exports of goods (1998)



\* Excluding intra-EU15 trade  
Source: Eurostat

## Forward Momentum

Ever since the founding of the General Agreement on Tariffs and Trade after the Second World War, nations have seen the dangers of protectionism; and have supported the trade liberalisation

agenda; and have negotiated towards this goal through a series of eight trade rounds. Culminating in the last "Uruguay Round" five years ago, with the establishment of the WTO, with reinforced arbitration powers. Further

progress depends on political and popular support and JAMA hopes that governments, industry and other groups will give their backing to firmly establishing a stable, rules-based international trading system. ■

## Focus on the US

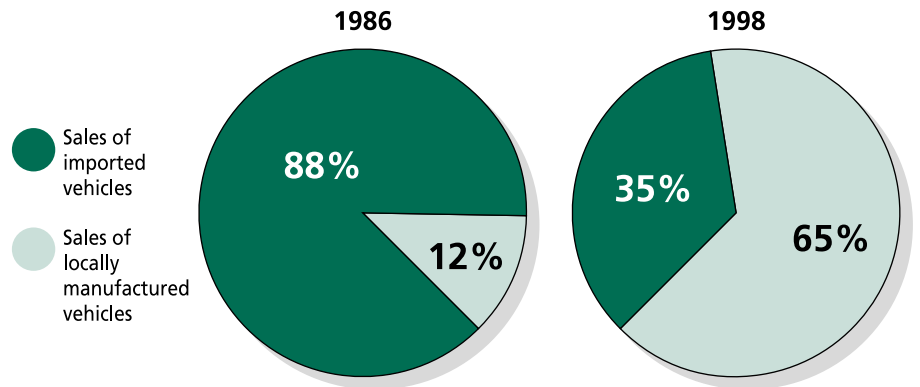
# Japanese Automakers in America

News from JAMA usually concentrates on our activities in Japan and Europe, but in this article we highlight our activities in the USA. Japanese cars have been sold in the US for over four decades, with local production starting nearly twenty years ago.

The Japanese automakers have made major investments of more than \$16 billion in the country in R&D facilities, production plants and distribution, employing more than 300,000 Americans directly and indirectly.

Japanese automakers operate 15 manufacturing plants and 37 R&D and design centres across America and produced nearly 2.4 million vehicles in 1998 alone. With this growth in local production, they now supply 65 per cent of their total US sales from their North American plants, compared to less than 12 per cent in 1986.

## Increase in Percent of Japanese-Brand Sales Locally Manufactured

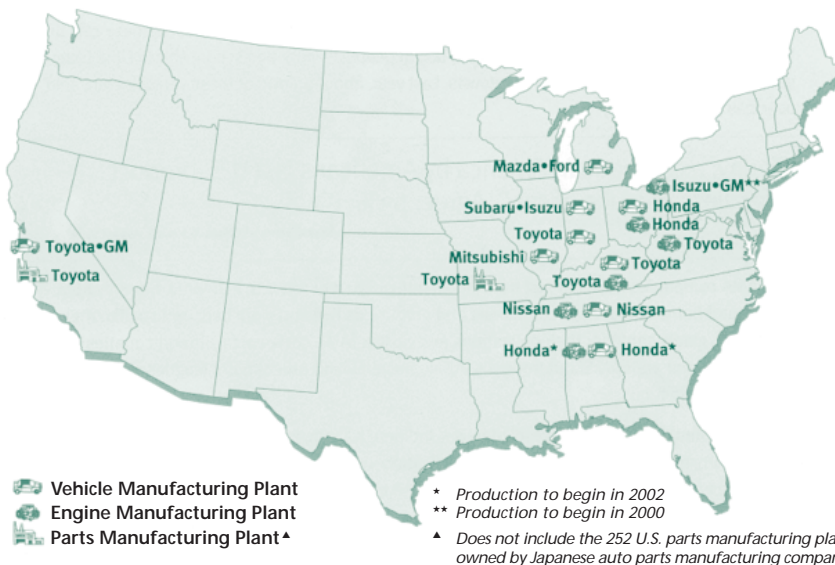


Sources: Calculated from sales figures as published in Ward's Automotive Reports.

Further effects of this major growth in local production have been: surging purchases of US-made parts, increasing eleven-fold from \$2.49 billion in 1986 to \$28.31 billion in 1998; and export growth, with Japanese auto production

accounting for more than 45 per cent of total US vehicle exports, excluding exports to Canada. The 90,000 vehicles exported in 1998 made a significant contribution to US trade revenues.

## Japanese Automakers' Local Production in the U.S.



► **Focus on the US continued**

## Public Perception

If twenty years ago, Japanese autos were considered foreign, today public perception of the Japanese auto industry has changed. Eighty-six per cent of Americans surveyed in September 1996 thought that Japanese automakers creation of manufacturing jobs represented a significant contribution to the American economy.

Viewing the effect of the Japanese auto industry on competition, 76 per cent of Americans surveyed in August 1999 thought that this has led US automakers

to produce higher quality cars and trucks. The same survey showed that the nationality question is becoming increasingly minor, with 63 per cent of Americans regarding a car made in America by Americans as a US product regardless of the make of the car.

## Customer Appreciation

Market success in any market depends on offering good, attractive and desirable products. Japanese cars have a reputation for quality and reliability. The boxes below show the results of the J.D. Power and

Associates report on top-ranked passenger cars and trucks, with consumers giving top ranking to Japanese models in 10 out of 14 categories.

## Integration into America

Overall, the effects of the growth in local investment, local production, local employment, local parts purchasing and sales in the US has led to an integration of the Japanese auto industry into the fabric of America. A process which is being repeated here in Europe where local production is also on the rise. ■

<b>US Top-ranked Passenger Cars</b>	
<b>COMPACT CARS</b> <b>1 Toyota Corolla</b> 2 Saturn SW Wagon <b>3 Nissan Sentra</b>	<b>ENTRY MIDSIZE CARS</b> <b>1 Nissan Altima</b> 2 Plymouth Breeze 3 Dodge Stratus
<b>PREMIUM MIDSIZE CARS</b> 1 Chevrolet Lumina 2 Buick LeSabre 3 Buick Century	<b>SPORTY CARS</b> <b>1 Acura Integra</b> <b>2 Honda Prelude</b> <b>3 Mazda Miata</b>
<b>ENTRY LUXURY CARS</b> <b>1 Infiniti I 30</b> 2 Saab 9-5 3 Mercedes-Benz C-Class	<b>PREMIUM LUXURY CARS</b> <b>1 Lexus LS 400</b> <b>2 Acura RL</b> 3 Mercedes-Benz S-Class
<b>SPORTS CARS</b> 1 Mercedes-Benz SLK 2 Chevrolet Corvette 3 Porsche Boxster	<p><i>Source: J.D. Power and Associates 1999 U.S. Initial Quality Study</i></p> <p><i>Note: Japanese models identified in green.</i></p>



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<b>US Top-ranked Passenger Trucks</b>	
<b>COMPACT PICKUPS</b> 1 Dodge Dakota <b>2 Mazda B-Series</b> 3 Ford Ranger	<b>FULL-SIZE PICKUPS</b> 1 Ford F-Series Light Duty 2 Dodge Ram Pickup 3 Ford F-250 Super Duty
<b>MINI-SUVS</b> <b>1 Honda CR-V</b> <b>2 Subaru Forester</b> <b>3 Toyota RAV4</b>	<b>COMPACT SUVS</b> <b>1 Toyota 4Runner</b> 2 Dodge Durango 3 Ford Explorer
<b>FULL-SIZE SUVS</b> <b>1 Toyota Land Cruiser</b> 2 Chevrolet Tahoe 3 Ford Expedition	<b>LUXURY SUVS</b> <b>1 Lexus LX 470</b> <b>2 Infiniti QX4</b> <b>3 Lexus RX300</b>
<b>COMPACT VANS</b> <b>1 Toyota Sienna</b> 2 Chrysler Town & Country 3 Plymouth Voyager	<p><i>Source: J.D. Power and Associates 1999 U.S. Initial Quality Study</i></p> <p><i>Note: Japanese models identified in green.</i></p>