

AMERICAN AUTOMOTIVE POLICY COUNCIL



News Release

FOR IMMEDIATE RELEASE:

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AAPC statement opposing Japan's participation in the TPP

(Washington, D.C.) - Citing Japan's long history of limiting auto imports while enjoying open access to the U.S. auto market the American Automotive Policy Council (AAPC) today announced its opposition to Japan's participation in the Trans-Pacific Partnership (TPP) free trade agreement negotiations.

AAPC President Matt Blunt said Japan's participation in the negotiations at this time would only serve to delay progress on an important trade agreement, while also sanctioning trade practices embraced by Japan.

"Japan remains the most closed auto market among developed nations," said Blunt. "One way trade in autos accounted for 70 percent of the U.S. trade deficit with Japan in 2010. In fact, Japan already ships more than 200 cars to the U.S. for every one car the United States sends there. Pretending this can be easily corrected is not good for the American economy or America workers. Japan should demonstrate they are serious about opening their market before the United States grants additional trade benefits."

The AAPC represents America's leading automakers—Chrysler, Ford and General Motors—and promotes the unique and significant economic contribution of these U.S.-based companies to the American economy

The AAPC's Blunt stressed the American auto industry has undergone a dramatic restructuring over the past several years, making the industry more competitive in a global market—an effort that could be jeopardized by Japan's inclusion in the TPP.

"America's automakers are competitive, global manufacturers with industry-leading products. They're at the forefront of the United States' economic recovery and add billions of dollars in American manufacturing investment while creating tens of thousands of new American jobs," Blunt said. "With the auto sector as a whole serving as America's leading export sector, providing preferential trade benefits to Japan, while they continue to embrace closed-market policies, would only serve to undermine the competitive gains made by American automakers."

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Important Facts

About The Trans-Pacific Partnership (TPP):

The Trans-Pacific Partnership (TPP) Agreement is an Asia-Pacific regional trade agreement currently being negotiated among the United States and eight other partners. The United States' TPP negotiating partners are Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam.

Japan and TPP:

- Japanese exporters have been pressing the government of Japan to join the current round of TPP trade negotiations. In response, Japan is expected to soon request participation in the TPP free trade agreement negotiations with the U.S. and eight other Asia-Pacific countries.

Japan's Closed Auto Market:

- Japan is the most closed auto market in the developed world, with a sub-5 percent import penetration rate. In other words, Japanese automakers control 95 percent of their domestic auto market, with the remaining 5 percent divided among all the rest of the world's automakers.
- Japan exported over 1.5 million vehicles to the U.S. last year, while the U.S. was limited to exporting less than 8,000 vehicles to Japan. In other words, for every one vehicle exported by the United States to Japan, Japan exported 201 vehicles to the United States. Consequently, autos accounted for about \$42 billion of the \$60 billion U.S. trade deficit with Japan in 2010.
- It is not just the United States: Korean and European automakers have also been unsuccessful in exporting to Japan any significant number of cars.
- Japan has blocked imports through its use of non-tariff barriers, such as unique and onerous technical requirements, limitations on distribution & service centers, and currency intervention.
- On multiple occasions the U.S. has tried to negotiate more market access for the auto industry and each time these attempts have been unsuccessful. In 1995, the U.S. and Japan signed an agreement that would open the market to U.S. exports. At the time the Japan import penetration rate was 4% - the same as today.

Adverse Impact on U.S. Economy & Jobs:

- For four of the past five years, autos have been the number-one export of goods for the United States. Last year, Chrysler, General Motors and Ford combined exported more than 800,000 vehicles from the United States. A one-sided free trade agreement with Japan will drag down the United States' leading sector of exports and undermine the business case for additional auto investments and jobs in the United States.
- In a recent survey, 71 percent of Americans agree that Japan should demonstrate openness to U.S. auto exports before the U.S. grants any more auto trade benefits to that country.

Including Japan Would Delay the TPP Agreement:

- Allowing Japan to join TPP negotiations at this time will significantly increase the complexity of current TPP talks and unnecessarily delay the timely completion of a TPP agreement with the other eight member countries.

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The American Automotive Policy Council, Inc. (AAPC) is a Washington, D.C. association that represents the common public policy interests of its member companies Chrysler Group LLC, Ford Motor Company and General Motors Company.