January 13, 2012

The American Automotive Policy Council's (AAPC) Views Regarding Japan's Expression of Interest in the Trans-Pacific Partnership (TPP) Trade Negotiations:

The following written comments by the AAPC are submitted in response to the December 7, 2011 Federal Register Notice invitation by the Chair of the Trade Policy Staff Committee (TPSC) to provide information that will assist the United States Trade Representive (USTR) in assessing Japan's expression of interest in the TPP in light of the TPP's high standards for liberalizing trade [FR Doc. 2011-31322]. The AAPC represents the common public policy interests of its member companies—Chrysler Group LLC, Ford Motor Company, and General Motors Company.

Introduction

The AAPC opposes Japan joining the Trans-Pacific Partnership negotiations at this time. Japan remains the most closed auto market to imports in the developed world and the automotive sector currently represents 70% of the total U.S. bilateral trade deficit with Japan. Japan's trade barriers in the auto sector cannot be addressed easily or quickly, and will needlessly slow down the negotiations. To date, Japan has not indicated a willingness to change its decades-long practice of maintaining a closed automotive market. Given the systemic trade imbalance and lack of willingness to reform, a U.S. free trade agreement with Japan would only lock-in the already one-way trade relationship that Japan's closed auto market has created, and significantly delay, if not prevent proceeding with a high-quality TPP trade agreement with other more compatible trade partners in the important and rapidly growing Pan-Pacific region. We, however, are open to including free trade nations like Mexico and Canada into the TPP if their joining does not significantly delay the negotiations.

U.S. Economic and Trade Contributions

America's automakers—Chrysler Group LLC, Ford Motor Company and General Motors Company—remain the heart of the industrial base of the United States and an engine of the American industrial economy. These three companies are committed to investing in the United States, growing U.S. exports, and leading the nation's economic recovery.

With nearly 200,000 direct company employees (2 out of 3 auto manufacturing jobs nationwide), Chrysler, Ford and General Motors support hundreds of thousands of additional jobs in all 50 states—from high-tech research labs, to the suppliers that ship thousands of parts to manufacturing shop floors, to the 9,800 U.S. dealerships that deliver high quality products to their customers. Today, Chrysler, Ford and General Motors are at the forefront of the United States' economic recovery—adding billions of dollars in American manufacturing investments and creating tens of thousands of new American jobs.

When it comes to trade, the U.S. automotive industry already exports more than any other sector. Over the past six years, U.S. automakers and suppliers have exported nearly $600 billion worth of vehicles and parts−surpassing the next best performing sector (aerospace) by $74 billion. In 2010, AAPC member companies combined to export more than 800,000 vehicles produced in the United States to

nearly 100 markets around the world, and are expected to have exported nearly one-million vehicles in 2011.

The Current TPP Negotiations

AAPC's member companies have supported every major trade agreement the United States has ratified, from the 1965 U.S.-Canada Auto Pact to the 2011 U.S.-Korea Free Trade Agreement, and see liberalized global trade as key to their business model. These three companies welcome new export opportunities, especially in the growing Pan-Pacific region, and support the negotiations to establish a high-standard 21st Century Trans-Pacific Partnership free trade agreement. The eight other economies currently engaged in the TPP negotiations are largely complementary to the U.S. economy, which would facilitate speedy negotiations and maximize the prospect of U.S. Congressional approval.

While the United States already has bilateral trade agreements with several of these TPP countries (Australia, Chile, Peru and Singapore), this multilateral agreement could provide substantial additional benefits by opening new markets (Brunei, Malaysia, New Zealand and Vietnam), harmonizing key rules, providing important strategic benefits by streamlining key issues on a regional basis, and raising the standard for free trade agreements in the region.

Among countries otherwise disposed to support fully open two-way trade, the TPP negotiations present an important opportunity to address and anticipate unfair non-tariff measures (NTMs), and craft disciplines for those NTMs in the TPP agreement. In particular, the use of currency manipulation by some nations has cost the United States countless jobs, and the auto sector has felt the impact of this as much as any industry. AAPC believes that TPP must include strong disciplines on currency manipulation as a key commitment. These negotiations also offer export opportunities into high-growth potential auto markets like Vietnam and meaningful access to Malaysia's closed auto market. It is important that the United States proceed forward with completing the negotiations with the other eight like-minded and compatible trade partners currently part of the TPP negotiations in order to lock-in the economic benefits that would result and to establish important disciplines on key NTMs. We also are open to including free trade nations like Mexico and Canada into the TPP if their joining does not significantly delay the negotiations.

Japan: Closed to Imports & Exporting its Endemic Overcapacity

Japan is currently the third-largest automotive market in the world after China and the United States, but ranks 30th out of 30 of the Organization for Economic Cooperation and Development (OECD) member countries in access for imported autos. In 2010, total auto imports into Japan from the world (U.S., Europe, Korea, etc.) measured only 4.5%, or 225,000 vehicles, out of an auto market of nearly five-million annual sales. In other words, Japanese automakers control more than 95%, or 4.7 million vehicles, of their domestic auto market. In contrast, all other OECD member countries with major auto sectors, except Korea, have an import market share of more than 40%. The United States, for example, imported 5.8 million vehicles in 2010, representing more than 45% of the total U.S. automotive market. Meanwhile, Japanese automakers benefit from open auto markets—exporting over 4.8 million vehicles

to markets around the world, including 1.5 million vehicles to the United States in 2010. Japan is currently the world's largest exporter of automobiles.

The Japanese auto industry model is built on and driven by severe and endemic over-capacity. This has direct implications for U.S. automakers in the United States and in other markets around the world. Despite a declining population, a shrinking domestic market and ample signs of a severe over-concentration as demonstrated in the recent shut down of the Japanese industry in the wake of the terrible earthquake and tsunami in 2011, only a small handful of automobile plants have been shuttered in Japan since World War II (compared to dozens closed in the United States). Japan's answer has been to export that endemic overcapacity—with direct support by the Japanese government through systemic intervention in the currency markets to weaken the yen (see Weak Yen Policy below). These market distorting practices tolerated by most of Japan's developed trade partners, including the United States, have perpetuated its export driven economic model which has benefited Japan automakers at the expense of the U.S. automotive manufacturing base and the American jobs it supports.

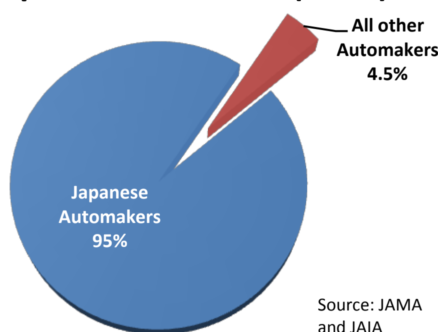
The following is a summary of key automotive statistics on the Japanese automotive industry, market and its auto trade relationship with the United States.

Japan Auto Industry, Market & U.S. Auto Trade Relationship

Japan's Auto Industry & Market in 2010 (the last full year of data available):

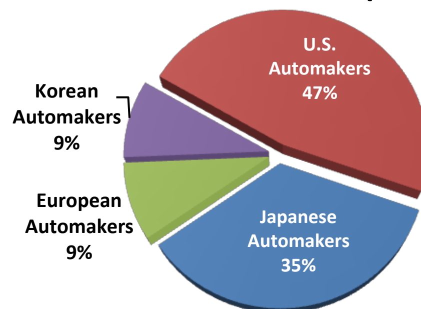
- Production—Japan produced 9.6 million new motor vehicles, up from 7.9 in 2009, but still down from 11.6 million sold in 2008. Japan ranks as the world's third largest auto producing nation.
- Domestic Sales—4.96 million new motor vehicles were sold in Japan, up from 4.6 million in 2009, but down from 5.8 million in 2005, and 6.9 in 1995. Japan currently ranks as the third largest auto market, after China and the United States.
- Exports—Japan exported 4.8 million new motor vehicles (nearly 50% of total production). Japan is currently the world's largest exporter of motor vehicles.
- Imports—Import auto sales totaled 225,083 vehicles in 2010, only 4.5% of the total market. This is down from 280,995, or 4.9% of the market, in 2006. Japan has the lowest level of import motor vehicle participation in the developed world, as a percent of the total auto market. The OECD average is more than 40%.

Japan Auto Market (2010)



Source: JAMA and JAIA

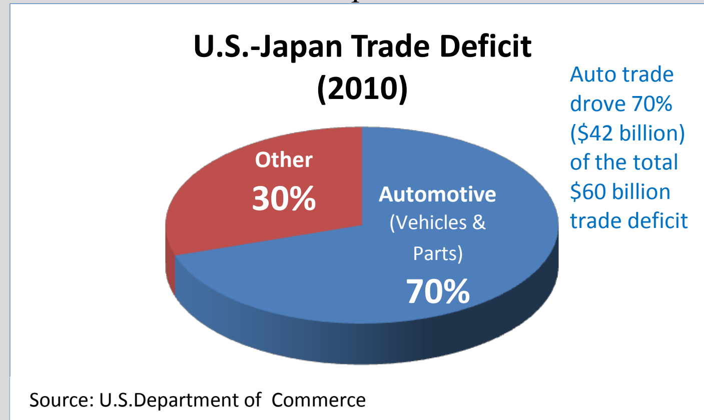
U.S. Auto Market (2010)



Source: Automotive News Database 2010 Sales

U.S. Auto Trade with Japan in 2010 (the last full year of data available):

- Auto Trade Deficit— The United States had an automotive trade deficit of $42 billion in 2010, up from $31 billion in 2009. This represents 70% of Japan's $60 billion U.S. trade deficit in 2010. For decades, the auto trade deficit has consistently been the largest portion of the total U.S. trade deficit with Japan.



- Auto Imports and Exports—The United States exported $1.5 billion in automotive products to Japan, and imported $43.9 billion in 2010.
- Vehicle Trade— With regards to motor vehicle trade (by units), the United States exported less than 7,700 new vehicles to Japan, and Japanese companies exported 1.5 million vehicles to the United States. So for every vehicle the United States exported to Japan, Japan exported 200 to the United States.

History of a Closed Auto Market

The closed nature of Japan's auto market did not happen by accident, but was deliberately created by government policy. This strategy used policy tools to pursue the creation of a major automotive industry as its top national industrial policy objective. As part of that strategy, the government provided generous incentives and protection from import competition.

America's automakers have operated in Japan for over a century now. Ford first established an agent to handle imports in 1909, General Motors followed in 1915, and Dodge and Chrysler started operations in the 1920s. In the early 1920s, the Japanese government encouraged more imports and invited foreign auto investment. Ford was first to respond by establishing a plant in 1925 (Yokohama), followed by GM in 1927 (Osaka), and Chrysler in 1930 (Yokohama). In the early 1930s, it is estimated that four-wheeled vehicles manufactured by American automakers, both in the U.S. and Japan, accounted for 90% of the Japanese market. Soon after Japan began its military forays in the region, limits were placed on imports and production in Japan by foreign-owned companies—culminating in the expropriation of the U.S.-owned auto plants and sales facilities in 1941.

Following World War II, auto imports were banned until 1952. By 1953, after the import ban was lifted, new and used auto imports, mostly from the United States, accounted for 60% of all new registrations in Japan. Soon after, Japan's government utilized an array of protectionist policies to effectively drive

U.S. auto companies out of Japan. These policies included: The preferential allocation of foreign currency; providing technical assistance for auto parts makers; restricting foreign investment; restricting vehicle imports; applying punitive tariffs on imports; imposing high commodity taxes on large cars; establishing complex regulatory approval procedures, and; banning the use of imported vehicles by government offices. The cumulative impact of these restrictions had their intended effect—a drop in foreign share of Japan's market from 60% in 1953 to around 1% in 1960.

During the 1960s, Japan was subject to intense pressure from the International Monetary Fund (IMF), the OECD, the General Agreement on Tariffs and Trade (GATT) and the U.S. government to open its market to investment and imports. The Japanese government soon lowered its most overt barriers, such as foreign exchange controls, prohibitions on foreign investment, and prohibitive quotas and tariffs. Despite this, import participation in Japan's auto market remained at less than 2%. At the end of the decade (1969), frustrated with the closed nature of Japan's auto market, Henry Ford II was quoted as saying, *"I haven't got anything against open competition. If they can build a better car and sell it for less money, let 'em do it. But what burns me up is that I can't go into Japan. We can't build, we can't sell, we can't service, we can't do a damn thing over there .... I think this country ought to have the guts to stand up to unfair competition."*

During the 1970s and 1980s, Japanese automakers expanded in the open U.S. and European auto markets while maintaining a protected domestic auto market in Japan—sparking U.S. trade action and the initiation of bilateral negotiations with Japan on automotive trade. Between 1980 and 1992, four different U.S. initiatives were pursued to open Japan's auto market. These include: bilateral negotiations in 1980 to address barriers to U.S. auto exports to Japan; the Market Oriented Sector-Specific (MOSS) talks in 1985; the 1990 Market Oriented Cooperation Plan (MOCP); and the 1992 Global Partnership Plan of Action (GPPA). None of these actions, supported at the highest levels of the U.S. government, resulted in meaningful improvements in import access to Japan's auto market.

Between 1993 and 1995, the U.S. and Japan, for the fifth time since 1980, engaged in several rounds of high-level bilateral talks to open the Japanese auto market to imports. In 1995, under the threat of imposing a 100% tariff on the importation of luxury vehicles from Japan, the U.S. and Japan signed a bilateral agreement entitled *Measures by the Government of Japan and the Government of the United States of America Regarding Autos and Auto Parts*. The United States expected the 1995 U.S.-Japan Auto Agreement to lead to a major improvement in the number of dealerships that sell American cars. At the time of the deal, GM, Ford and Chrysler accounted for about 2% of the Japanese market. Sales of U.S. cars and parts in Japan increased immediately following the agreement, but despite that temporary increase, import auto sales soon languished, and have since dropped to below pre-agreement market share levels.

U.S. exports to Japan remained at low levels during the late 1990s and into the early 2000s. A key reason was the substantial weakening of the yen against the dollar—making U.S.-built automobiles less competitive in Japan, and in many cases not commercially viable. The yen/dollar exchange rate averaged 94.7 in August 1995. The yen began to weaken immediately following the agreement all the way to 144.68 yen/dollar by August 1998. This major depreciation— subsequently followed by the Japanese government's intervention to maintain a weak yen (see below "Weak Yen Policy")—was more than sufficient to offset any benefit American auto companies gained in the series of U.S.-Japan bilateral

negotiations that started in 1980. The yen's depreciation also provided the Japanese automakers a significant competitive advantage in the United States and other foreign auto markets.

Measures that Restrict U.S. Auto Exports to Japan

Japan has a zero tariff on the importation of automotive products, but as noted above, its auto market remains largely closed to imports (the most closed among developed economies). This can only be the result of non-tariff measures and related factors, developed and supported by government policies.

The close cooperation of the government and Japan's automotive industry contributed to a protected and insulated domestic automotive market in Japan and set the stage for Japan's auto industry's development and expansion. Although less overt today, the residual effects of past government actions and the ongoing government's active role in maintaining policies and practices remains very significant through today.

The following are examples of several factors that act to limit auto exports from the United States to Japan developed and/or supported by the Japanese government.

Weak Yen Policy

Currency manipulation is a policy used by governments and central banks of some of America's largest trading partners to artificially set the value of their currency to gain an unfair competitive advantage for their exports and to simultaneously discourage imports. This action comes at the expense of taking jobs and siphoning economic growth from their trading partners. Since 1998, the Japanese government has consistently and systemically intervened in the foreign exchange markets to weaken the yen vis-à-vis the U.S. dollar—to provide its exporters a huge subsidy and competitive advantage, and to dampen import competitiveness in its domestic market.

From 1998 through 2004, Japan undertook one of the largest direct currency interventions ever taken in the foreign exchange markets. In 1998, soon after the value of the Japanese yen began to rise—putting the U.S. auto exports on a path to becoming price competitive in Japan—the Japanese government started intervening into currency markets to weaken the yen. From 1998 to 2004, Japan purchased half a trillion dollars (the largest currency intervention since World War II) intervening more than 160 times. As part of its on-going systemic intervention policy, when it wasn't intervening directly, Japan was signaling to foreign exchange traders that if the yen strengthened too much it would intervene again. This had the intended effect of sustaining yen weakness—providing an unfair trade advantage for Japan's exports and discouraging imports.

That record level of intervention into the currency markets was in large part successful because it was met with approval from the United States. In his book *Global Financial Warriors: The Untold Story of International Finance in the Post 9-11 World,* John Taylor, Treasury Under Secretary for International Affairs from 2001-2005, recognized that Japan's policies, which included verbal as well as non-verbal interventions, made *"U.S. exports less attractive, and thereby [made] U.S. exporting firms and their employees very unhappy."* But Taylor and the Treasury Department nonetheless welcomed Japan's interventions. As a result, the Japanese yen became the world's *"most undervalued currency"* [*The Economist,* "Yen and Yang," September 28, 2006] and Japan's one-sided auto trade relationship with the United States continued.

Japan has continued to emphasize that currency intervention remains an option to support its export-driven economy. As the yen strengthened in 2010, reaching its true equilibrium market valuation vis-à-vis the U.S. dollar, senior Japanese officials were quick to remind currency traders that they should not assume that Japan would let market forces determine the value of the yen, implying that it would intervene to limit the yen's rise. Japan followed-up on these threats with massive interventions in 2011 (totaling $200 billion) and, at last, elicited criticism by the U.S. Treasury Department. This action by Japanese officials was spurred on by Japanese auto industry senior executives' drumbeat of public calls threatening the Japanese government that they would pull production out of Japan, if the yen remained "strong." (see attached quotes by Japanese automakers calling for interventions)

As indicated above, the U.S. Treasury Department, in its December 2011 Treasury *Report to Congress on International Economic and Exchange Rate Policies*, explicitly states that the U.S. does not support Japan's interventions. The report says, *"The unilateral Japanese interventions were undertaken when exchange market conditions appeared to be operating in an orderly manner and volatility in the yen-dollar exchange rate was lower than in, for example, the euro-dollar market. In contrast to the G-7 joint post-earthquake intervention in March, the United States did not support these interventions."* This time, without U.S. Treasury Department support, Japan's unilateral interventions have not had as large of an impact on the value of the yen.

The impact of currency intervention on the domestic U.S. auto industry has been profound. Through the 1990s and much of the 2000s, with a yen undervalued by an estimated 25% from government intervention. This represented a massive subsidy for Japanese automakers, which was worth thousands of—and in some cases, more than ten thousand—dollars per vehicle. For U.S. auto exports to Japan, the disadvantage was equal to the advantage or subsidy enjoyed by Japanese exporters. It should not be a surprise that this period of artificially weak yen led to an increase in Japanese exports to the United States, growth in Japanese share of the U.S. auto market, and a lower U.S. share of the Japanese auto market.

Currency is the medium in which trade occurs, and exchange rates can be as important a determinant of trade outcomes as the qualities of the goods or services themselves. Currency misalignment is among the most trade distorting practices in place today and we see countries like Japan seeking to support their export industries and curb imports through the deliberate and willful weakening of its currency. In full expectation that this practice will continue, we strongly recommend incorporating a new standard for the treatment of currency misalignment as part of a 21st Century TPP free trade agreement. America's automakers share the U.S. Treasury Department's view from its December 2011 International Exchange Rate Policy Report that *"Rather than reacting to domestic 'strong yen' concerns by intervening to influence the exchange rate, Japan should take fundamental and thoroughgoing steps to increase the dynamism of the domestic economy…"*

Auto Regulatory Regime

Although Japan has made some progress in harmonizing some of its auto regulations to international norms, the lack of full harmonization of Japan's automotive technical requirements and certification procedures creates a unique overall set of automotive regulations (a unique combination of international and unique auto regulations) which adds significant development and production costs for vehicles

exported to Japan. In addition, Japan continues to opportunistically adopt new and unique regulations that only raise the bar higher.

Moreover, it is the experience of America's automakers that auto rules and regulations in Japan are often developed behind closed doors and when revealed are already rigidly set so that any proposed changes are difficult to make and are rarely accepted. This lack of full transparency and acceptance of input leads to a prevailing sense among import automakers of unpredictability. Foreign automakers operating in Japan never know if a new auto regulation will tip the balance toward being commercially viable or not in Japan's auto market. While there has been some progress on this front, it rarely occurs without first having to confront Japanese regulators about inconsistencies and fairness. These delays often limit the windows for foreign manufacturers to capitalize on opportunities in the Japanese market.

The following is a recent example of a government directed policy program that used technical means to block meaningful participation of imports.

Japan's Auto Incentive Program (Cash for Clunkers Program)

A recent example of limiting import access through the use of technical barriers was Japan's "Cash for Clunkers" program. In June 2009, Japan implemented an incentive program that, similar to the program in the United States provided a financial incentive to spur auto sales and improve the fuel economy of the auto fleet. However, unlike in the United States where rules were transparent and non-discriminatory—the Japanese program excluded most all import vehicles.

It specifically required that the purchase of a new car meet or exceed the 2010 fuel economy targets. However, because most import automakers certify their vehicles under another program, known as the Preferential Handling Procedure (PHP) program, which is designed for low volume importers, and does not specify 2010 Fuel Economy requirements, it made them ineligible for the incentive. So it excluded the majority of imported autos from participating and benefiting.

After the program had already been in place for 10 months and pressure was building in the United States to allow U.S.-built vehicles to be eligible, the Japanese government announced that *"In order to increase the number of imported vehicles qualified for the program…vehicles imported under the Preferential Handling Procedure (PHP) program will also be covered by this program if they meet the requirements…"* Despite this development, only a few U.S. vehicle models were deemed eligible. Most all the benefits went to Japanese auto companies.

In stark contrast, when the U.S. government created its "Cash for Clunkers" program, it was very carefully constructed to be open and welcome to all automakers, foreign and domestic. As a result, half of the benefits (about $1.5 billion) went to Japanese auto companies.

Impact of Japan Joining the TPP Negotiations

AAPC is concerned with the following impact of Japan joining the TPP negotiations:

- Indefinitely Delay the TPP—Because of the size and complexity of its economy, history of a troubled trade relationship, including a systemic trade surplus with the United States, and deeply

rooted non-tariff measures, Japan joining the TPP now will delay the current negotiations and risks turning the talks into a WTO Doha Round-like process that will drag on for years with little hope of a fruitful conclusion.

- Prolong a Flawed Economic and Trade Model—The Japanese auto industry is fueled by a severe overcapacity problem. In 2010, half of all Japanese auto production was exported to foreign markets. Only a few automobile plants have been shuttered in Japan since World War II despite a declining population, a shrinking domestic market and signs of a severe over concentration as demonstrated in the recent shut down of the Japanese industry in the wake of the terrible earthquake and tsunami in 2011. A free trade agreement with Japan will not open the Japanese economy, it will simply prolong and incentivize an export driven economic model that benefits Japan at the expense of American manufacturing and the jobs it supports. Moreover, it would encourage others to follow that same economic model.

- Lost Business Opportunity and to Set the Highest Standard—Allowing Japan to join before completion of negotiations among the current nine countries would represent a lost opportunity to complete the agreement with the current group of countries and to ensure that the agreement is of the highest quality and standard. The opportunity to address currency manipulation, and other non-tariff measures that Japan has used to keep its market insulated from international competition, would be lost. Japan would strongly resist the inclusion of disciplines on the key NTMs, so having Japan involved at this stage would likely hold up the completion of the agreement or lead to one that does not meet the overall objective of establishing a high-standard 21st Century agreement.

- Undermine U.S. Auto Industry Revival—Over the past several years, the American auto industry has undergone a dramatic restructuring. At a tremendous cost, numerous auto plants were closed and thousands of jobs were lost. But, in the process, America's car companies have emerged as competitive global manufacturers with industry leading products. The automobile sector is the leading sector of American exports, and competes with Japanese exports at home and in markets around the world. A one-sided free trade agreement with Japan will drag down the United States' leading sector of exports, and will deeply undermine the business case for additional auto investments in the United States while undermining the competitive gains that are allowing new jobs to be created.

Conclusion

The AAPC opposes Japan joining the TPP negotiations at this time. Over the last 50 years, Japan has deliberately provided its auto market with every protection from competition it could. Despite numerous efforts by the United States to open the Japanese market—including five high-level bilateral initiatives from 1980-1995—the Japanese auto market has remained closed to imports. Today, Japan is the most closed auto market in the developed world. In 2010, total auto imports into Japan from the world (U.S., Europe, Korea, etc.) measured only 4.5% (compared to 45% in the United States), and Japan has not indicated a willingness to change its decades-long practice of maintaining a closed auto market.

With this in mind, the AAPC has concluded that adding Japan now would delay the current negotiations and risks turning the TPP negotiations into a WTO Doha Round-like process that will drag on for years and years with little chance of a meaningful and timely conclusion. Moreover, it would further incentivize and prolong Japan's flawed export-driven economic model, lock-in and endorse their unfair auto trade practices, lose the opportunity to ensure the TPP agreement is of the highest quality, and undermine the recovery of the U.S. automotive industry.

The problems with the Japanese auto market cannot be negotiated away in a free trade agreement, and they will not be fixed by more Japanese promises to stop blocking imports. These obstacles are deeply rooted in an economy structured exclusively for export, and in a regulatory framework that significantly limits imports. In order to show a real commitment to free trade, Japan must first of all undertake the significant, long overdue, restructuring that truly allows imports to compete in Japan's domestic auto market. We further recommend that in advance of any consideration of allowing Japan to join the TPP, Japan needs to first demonstrate a multi-year commitment to opening its auto market to imports.

Japanese Auto Executives Calling for Yen Intervention (2011)

- Toshiyuki Shiga, Chief Operating Officer of Nissan Motor Co. Ltd: "The yen's (current) strength has exceeded the expectations of the automotive industry so we strongly urge the government to take immediate action to rein in the yen's rise."

Japan Auto Industry Warns On Strong Yen's Impact,
Wall Street Journal, June 20, 2011

- Joint statement by JAMA and the Confederation of Japan Automobile Workers' Unions: "The Japanese automobile industry has carried out a steady stream of cost-cutting and other measures necessary to maintain its international competitiveness. The yen's present exchange rate level, however, clearly exceeds the limits of such efforts."

Japan Auto Group Head: Current Yen Levels Not Acceptable,
Wall Street Journal, June 8, 2011

- Carlos Ghosn, Nissan Chairman and CEO: "I have spoken to the Prime Minister about this directly. If Japan wants employment, you're going to have to do something about establishing a normal exchange rate."... A lack of government action "is showing that employment is not their number one priority. At 76 yen to the dollar, if this rate was to stay for a while, I think you're going to see a hollowing out of the industry."

Nissan's Ghosn Warns of Japan "Hollowing Out" On Yen's Surge,
Bloomberg, October 7, 2011

- Fumihiko Ike, Honda Chief Financial Officer: "Protecting Japanese manufacturing and building cars here is becoming more and more difficult. We can keep the technology here, but if we were to build cars in Japan, they may be good (quality) products but they would be too expensive. And an expensive product is not necessarily a good product… "At these exchange rates we lose competitiveness on these exports, and that leads to a fall in sales, triggering a vicious cycle. And when that happens, the natural consequence is for that production (in Japan) to disappear."

Honda says studying shift overseas to avoid yen effect,
Reuters, August 9, 2011

- Toshiyuki Shiga, Chairman of Japan Automobile Manufacturers Association (JAMA): "The current strong yen is not acceptable at all. It is impossible to make profits at around Y80."

Japan Auto Industry Warns On Strong Yen's Impact,
Wall Street Journal, June 20, 2011

- Satoshi Ozawa, Toyota's chief financial officer: "I feel strongly that our efforts may have exceeded the limits of what is possible in dealing with the yen's impact."

Toyota warns strong yen could see it exit Japan,
Wall Street Journal, May 11, 2011