

**Joint Announcement by  
Ryutaro Hashimoto, Minister of International Trade and Industry of Japan,  
and  
Michael Kantor, United States Trade Representative,  
Regarding Autos and Auto Parts**

Geneva, June 28, 1995

Following their meetings on the 26th, 27th, and 28th of June, 1995, the Minister of International Trade and Industry of Japan, Ryutaro Hashimoto, and the United States Trade Representative, Michael Kantor, make the following joint announcement:

The two Ministers recognize the central role of the automotive sector in the economy of each country, including its direct and indirect contribution to; employment, production, and national wealth in each country. The two Ministers recognize the importance of expanding trade and promoting competition in this sector and growing the global economy. The two Ministers further recognize that accomplishing this objective requires concerted efforts by their respective Governments, as well as by the private sector in each country.

Minister Hashimoto has articulated and Ambassador Kantor agrees with four guiding principles for private sector efforts to address the international situation in the automotive sector classification, localization, industrial cooperation and transparency.

In this regard, Minister Hashimoto and Ambassador Kantor take note of and express their appreciation for plans announced and taken by Japanese motor vehicle manufacturers in 1990, 1992, and 1994 to increase their purchases of competitive foreign parts, both in Japan and through their transplants. The two Ministers welcome the increase in purchases that has occurred under these plans.

The two Ministers further welcome recent additional announcements by Japanese motor vehicle manufacturers of their plans to further increase overseas production of vehicles and major components and sub-assemblies, further localize procurement of parts, and further increase purchases of competitive foreign parts for use in Japan both as original equipment as well as in the aftermarket. The companies also have announced that they will ensure the transparency of their parts purchasing, and will ensure that their procurement does not discriminate against suppliers on the basis of capital affiliation.

Minister Hashimoto and Ambassador Kantor also are pleased to note the statement by the U.S. motor vehicle manufacturers expressing their plans and intent to expand their presence in the Japanese market based on offering in Japan competitive products, prices, and service.

The two Ministers recognize and understand that the plans newly announced by the U.S. or Japanese companies are not commitments and are not subject to the trade remedy laws of either

country. Rather, they are business forecasts and intentions of the companies based on their study of market conditions and other factors. Both Ministers recognize and understand that changes in market conditions may affect the fulfillment of these plans.

Finally, separate from "the private sector efforts mentioned above, the two Ministers are pleased to announce that the Government of the United States and the Government of Japan have successfully concluded the Framework consultations on autos and auto parts today. While these private sector efforts are not part of the Framework, the two Ministers reaffirm that the Framework addresses various governmental actions called "Measures" to be taken by the two Governments, including deregulation of repair garages that affect the repair parts market in Japan. The assessment of the implementation of the Measures, as well as the evaluation of progress achieved will be based on the overall consideration of qualitative and quantitative criteria. Among other things, such criteria addresses trade in motor vehicles and parts, parts procurement by Japanese, vehicle manufacturers in the United States, market conditions including exchange rates, and the efforts of U.S. motor vehicle and parts manufacturers to offer competitive products under competitive terms and conditions.

June 28, 1995

**Joint Announcement by Ryutaro Hashimoto  
Minister of International Trade and Industry' of Japan  
and  
Michael Kantor  
United States Trade Representative  
Regarding  
The Japanese Auto Companies' Plans**

1. Ambassador Kantor has estimated,' on -the basis of these individual company plans, the following with regard to the North American market:

- (1) U.S. parts purchases will increase by 6.75 billion dollars by 1998;
- (2) The companies will increase production of vehicles in U.S. from 2.1 million to 2.65 million by 1998.

Ambassador Kantor also estimates an increase of 6 billion dollars in foreign parts purchases by the companies for use in Japan by 1998.

2. Minister- Hashimoto said the Government of Japan has had no involvement in this calculation because it is beyond the scope and responsibility of government. He said that USTR's estimates are solely its own.

**Joint Announcement on Dealerships by**  
**Mr. Ryutaro Eashimoto**  
**Minister of International Trade and Industry**  
**and**  
**Mr. Michael Kantor**  
**United States Trade Representative**

1. The U.S. Government expects that the combination of implementing the Measures under- the automotive Framework and the intensified efforts of 'the U.S. vehicle manufacturers will lead to a significant increase in the sales opportunities for U.S. vehicle manufacturers in Japan. Specifically, the U.S. Government envisions an increase of direct franchise agreements between U.S. vehicle manufacturers and Japanese dealers that will result in approximately 200 new sales outlets, by the end of 1936 and increasing to a total of approximately 1,000 new sales outlets by the end of 2000.
2. Minister Hashimoto said that the Government of Japan has had no involvement in this forecast: because it is beyond the scope and responsibility of government, Minister Hashimoto said that-" these forecasts are solely those of the Government of the U.S.

**Joint Announcement on Dealerships by  
Mr. Ryutaro Kashiimoto,  
Minister of International Trade and Industry  
and  
Mr. Michael Kantor  
United States Trade Representative**

We are pleased to announce that the Government of the United States and the Government of Japan have successfully concluded the Framework consultations on autos and auto and parts. We are pleased to note two separate developments in the private sectors of our two countries, that, while not being part of the Framework, should prove to complement the efforts by the two governments.

The first such development is the announcement by the American Automobile Manufacturers' Association of June, in which its members expressed their continued determination to increase their efforts to further expand their presence in the Japanese market. To this end, they expect, for example, to introduce a series of new right-hand drive vehicles to the Japanese market, expand their sales and distributions networks in Japan, and increase advertising and marketing expenditures.

The second development is the announcement by the Japan Automobile Dealers' Association of June for enhancing opportunities for foreign vehicle manufacturers' access to dealer outlets in Japan. According to the announcement, if a particular foreign vehicle manufacturer chooses to approach JADA with concrete plans for introduction in the Japanese market of specific new models together with the planned timing of their introduction, JADA will conduct a survey of its members for the purpose of identifying dealers that have intentions or interest in selling foreign motor vehicles. A list of interested dealers and their respective contact points, as well as major points of the result of the survey will be communicated back to the company that made the request. Foreign manufacturers are, of course, free to conduct their own market research, and are not bound to use this initiative. Foreign manufacturers who request this survey and Japanese dealers who respond affirmatively to the survey are under no obligation to enter into franchise agreements with each other.

**JOINT PRESS STATEMENT**

**JUNE 29, 1995**

**GENEVA**

1. Minister Hashimoto and Ambassador Kantor, while in Geneva for the auto/auto parts talks, had several occasions to discuss the competition policy aspect of the auto/auto parts issue.
2. Mr. Hashimoto and Mr. Kantor shared the view that strong competition policy and enforcement to ensure fair market access and competition in all industrial sectors including the automotive sector is of importance to Japan. They noted that competition policy plays an important role in dealerships ensuring competitive access to the network.
3. Mr. Hashimoto confirmed the intention of the Government of Japan to pursue strengthening of Japan Fair Trade Commission in terms of its organization and staff resources, subject to, as appropriate, the approval by the Diet of Japan. Ambassador Kantor welcomed this and made several suggestions in the general competition policy area, Mr. Hashimoto promised to convey these suggestions to Prime Minister Murayama, Deputy Prime-Minister Kono, Chairman Kogayu of the JFTC and other appropriate officials and Diet members.