

Japan-Canada EPA: Free Trade Drives Growth & Prosperity

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About JAMA

Established: 3 April 1967

Objectives: To promote the sound development of the Japanese automobile industry and contribute to social and economic welfare.

Current Chairman: Akio TOYODA
President, Toyota Motor Corporation



Member Companies (14 in total):

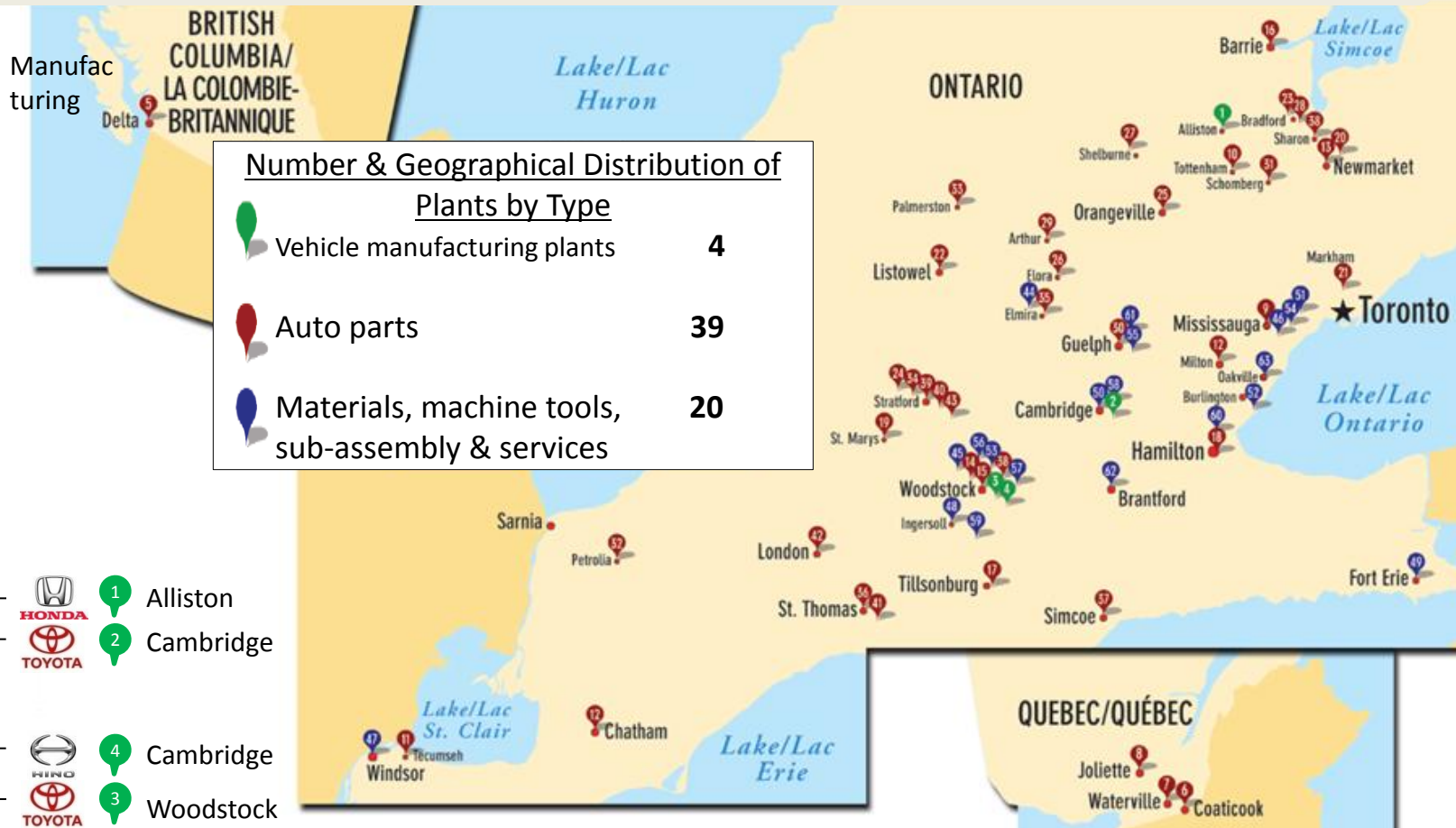
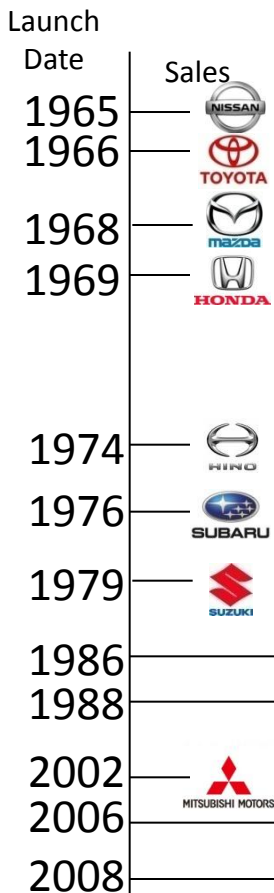


Friend of JAMA: General Motors Japan, Ltd.

About JAMA Canada

- Established in 1984 to promote greater understanding on trade and economic issues in the auto sector and to promote closer cooperation between Japan and Canada
- JAMA Canada is an associate office of JAMA, Inc.
- Financially supported by JAMA Tokyo and our local members in Canada
- Members: Hino, Honda, Mazda, Mitsubishi, Nissan, Subaru, Suzuki, Toyota
(subsidiaries in Canada)
- The Japan Automobile Manufacturers Association has representative offices in Washington DC, Brussels, Singapore and Beijing.

Japanese Automakers' Presence in Canada



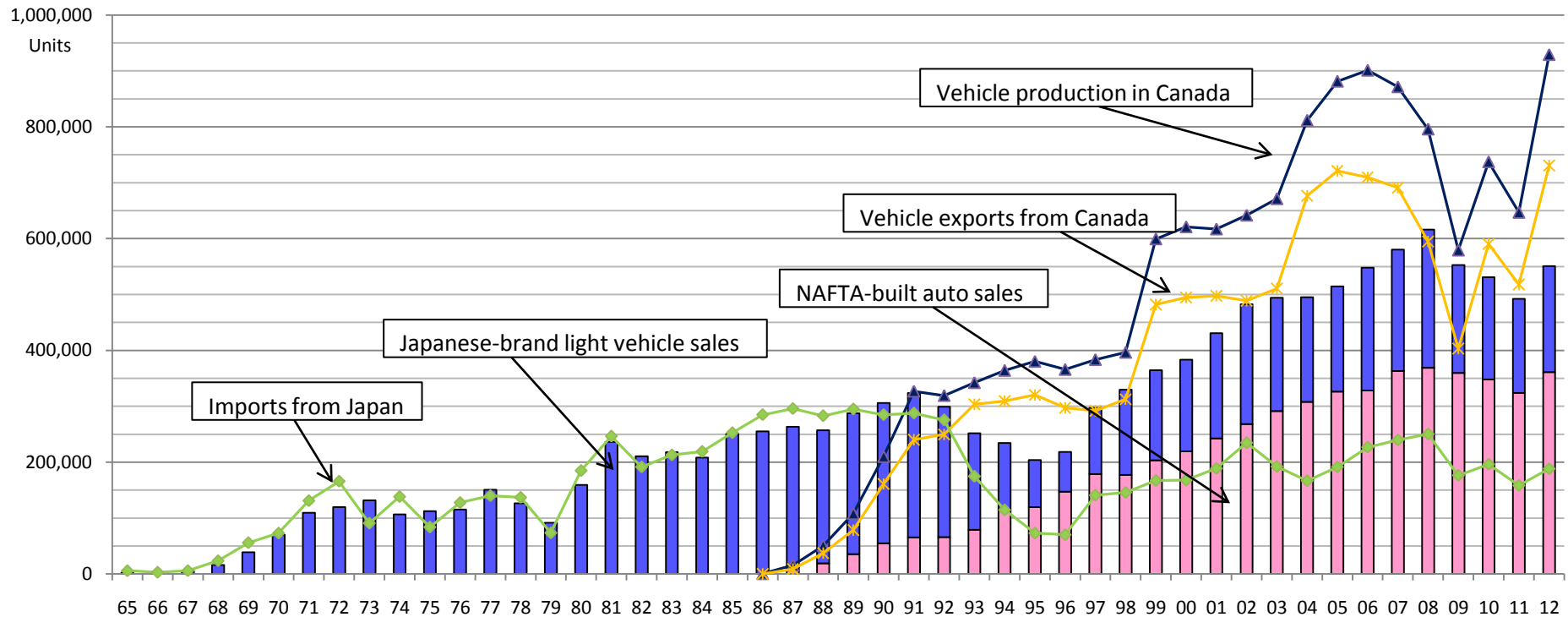
Employment in Canada by Japanese Automakers

Vehicle manufacturing	11,500	Parts/Materials/ Machinery/Tools, etc.	15,000
Administration and sales	2,000	Dealerships	40,000

Total employment (direct + indirect) = More than 68,000

Canada Is Japan's Invaluable Partner

Japanese automakers in Canada: Sales, production, exports, imports (1965-2012)



(2012)	Light Vehicle Sales	Production in Canada	Exports fr. Canada	Imports fr. Japan
Total of all automakers	1,633,821	2,445,003	2,158,958	NA
Total of Japanese (Share of total)	550,735 (33.7%)	929,113 (38.0%)	730,958 (33.9%)	188,234 (NA)

- Canada is one of the important markets in the world for Japanese automakers. Japanese automakers offer over 100 models in Canada including hybrid vehicles and electric vehicles, thus meeting a wide range of consumer needs.
- Japanese automakers produced 930,000 vehicles in Canada in 2012 and exported 80% of them to other countries (more than quadruple their imports from Japan).
- Automakers' imports from Japan will not replace local production.

Japan-Canada EPA

1. Japan's auto industry supports a Japan-Canada EPA

JAMA is a strong advocate of free trade.

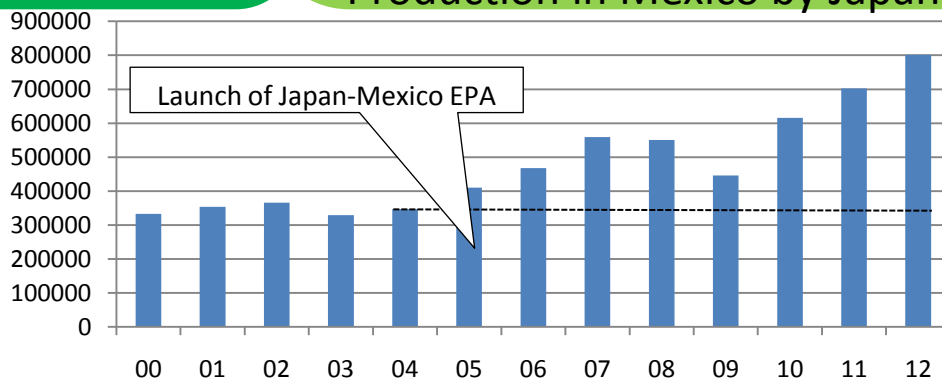
JAMA's basic position:

- Competition through free trade brings benefits to consumers, including wider choice.
- Against the backdrop of a stalled Doha Round, EPAs/FTAs contribute to national economies and boost GDPs.

Case in point:
New investments as a result of the Japan-Mexico EPA

Since the Japan-Mexico EPA entered into force in 2005:

- Five Japanese automakers have launched sales operations in Mexico, bringing the number of Japanese automakers with sales operations there to a total of nine.
- Two Japanese automakers have launched production operations in Mexico, with another one planning to launch production operations in 2013, bringing the number of Japanese automakers with production operations there to a total of six.
- Production in Mexico by Japanese automakers grew 2.3-fold.



Vehicle production (here, in units) by Japanese automakers in Mexico has generally seen a steady rise since the implementation of the Japan-Mexico EPA.

Japan-Canada EPA

2. A Japan-Canada EPA will bring benefits to both countries

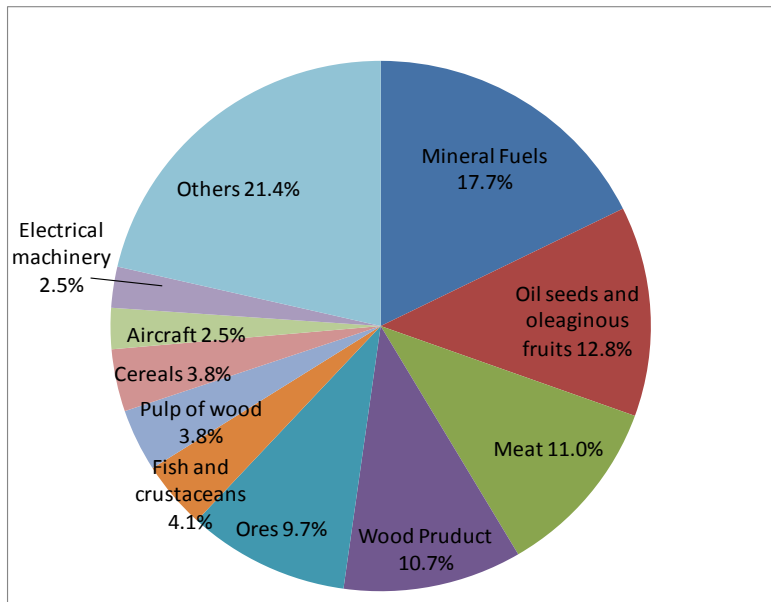
According to the report of the Joint Study on the Possibility of a Canada-Japan EPA:

- Trade in goods between Canada-Japan is complementary because goods exported from Japan to Canada are largely manufactured goods and those exported from Canada to Japan are largely primary goods.
- It is estimated that an EPA would enable maximum GDP gains of US \$4.9 billion for Japan and US \$9.0 billion for Canada.

Trade structure between Canada and Japan

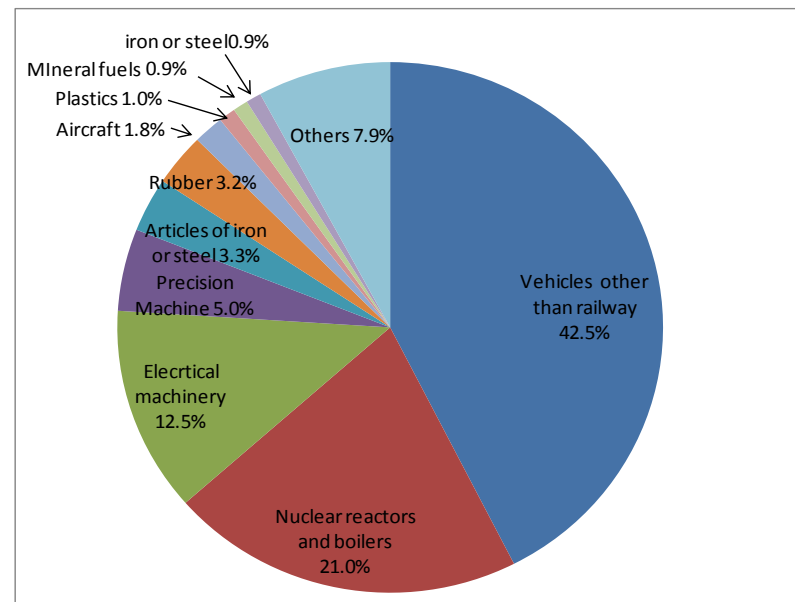
Canada → Japan

(Total exports to Japan in 2010: C\$ 11,266 million)



Japan → Canada

(Total imports from Japan in 2010: C\$ 13,432 million)

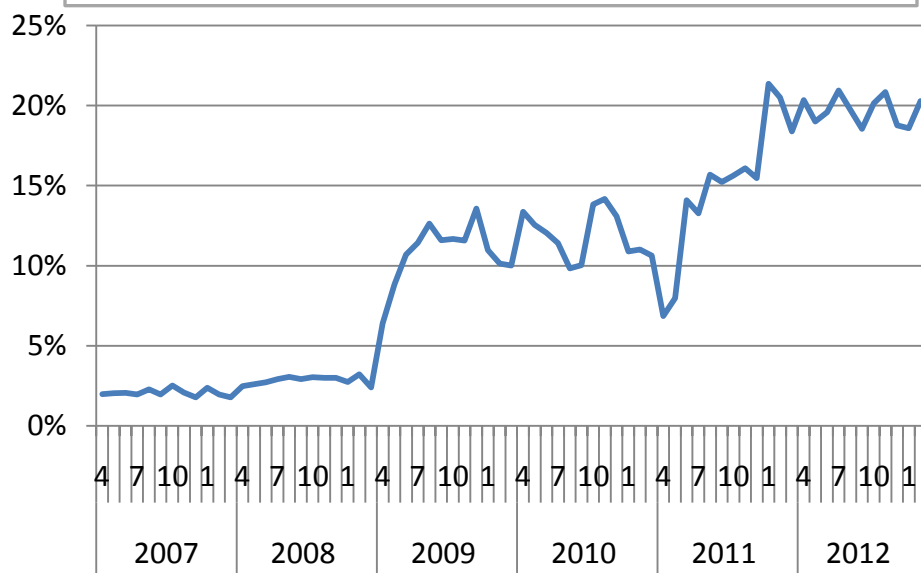


Japan-Canada EPA

3. A Japan-Canada EPA will be a vital supplement to the TPP

- A Japan-Canada EPA would aim to build a free-trade system of a level that multilateral agreements such as the TPP cannot achieve.
- A Japan-Canada EPA would not only strengthen economic relations between the two countries but also help create momentum towards global trade liberalization.
- Increased direct investments in Canada would help expand the share of new-technology vehicles (hybrids, EVs) and reduce the price of high-end vehicles.

Share of new-technology vehicles in new passenger car sales in Japan



Source: JAMA

Top 10-selling models in 2012

Rank	Model	Make	Units sold	Type
1	Prius	Toyota	317,675	Hybrid
2	Aqua	Toyota	266,567	Hybrid
3	Fit	Honda	209,276	Hybrid
4	Freed	Honda	106,316	Hybrid
5	Vitz	Toyota	105,611	
6	Serena	Nissan	96,020	Hybrid
7	Note	Nissan	85,330	
8	Corolla	Toyota	80,459	
9	Step Wgn	Honda	63,707	
10	Vellfire	Toyota	58,513	Hybrid

Source: JADA (exc kei-car)

Trans-Pacific Partnership Agreement (TPP)

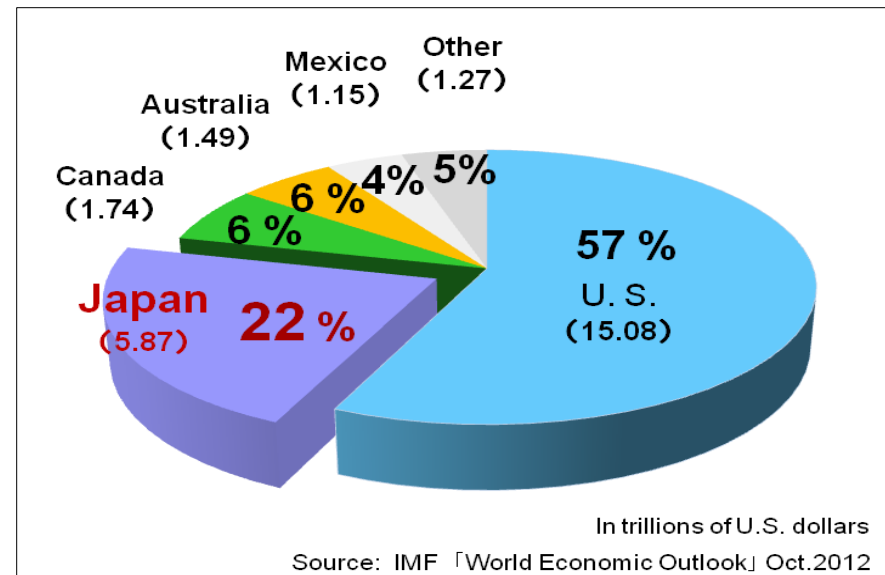
1. Japan-U.S. Negotiations on Motor Vehicle Trade

- Japan-U.S. consultations on Japan's participation in the TPP were concluded on April 12, with the two governments confirming that their negotiations on the motor vehicle trade will be conducted in parallel with the TPP negotiations and that the phasing-out of U.S. tariffs on motor vehicles will be delayed to the greatest possible extent.
- This delay in regard to U.S. tariffs is, in JAMA's view, regrettable. Regarding non-tariff measures in Japan, we hope that upcoming negotiations will promote a clear U.S. understanding of the openness of Japan's auto market.

2. Japan's Participation in the TPP

- Japan's participation in the TPP will contribute to regulatory and other progress throughout the Asia-Pacific region.
- JAMA hopes to strengthen cooperation with Canada aimed at achieving an agreement that can be of real benefit to the automobile industry.

GDPs* of the 11 Countries Participating in the TPP Negotiations / GDP* of Japan (2011 Nominal GDP)



Japan-EU EPA

- In the Japan-EU telephone Summit Talks on March 25, the leaders decided to start official negotiations on a Japan-EU EPA.
- This will provide a crucial opportunity to promote trade, investment, and industrial cooperation between the two sides, and will consequently lead to the growth of the automobile industry in both Japan and the EU.
- JAMA supports the efforts of the Japanese government to reach an early conclusion to the negotiations. The Japanese automobile industry intends to ensure that the dialogue advances at the industry level.

Significance of the TPP and Japan-EU EPA

- Agreements on the TPP and a Japan-EU EPA will account for more than 60% of world GDP and more than 50% of the global auto market.
- While the costs for new technologies (including green, energy, and safety technologies) will increase in the future, free trade agreements will make it possible to improve competitiveness and to offer products that meet a wide range of consumer needs.
- Establishing the TPP and a Japan-EU EPA, along with a Japan-Canada EPA, is of critical importance.

Thank you for your attention.

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