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Tokyo Motor Show Debuts New Vehicles; Breaks Attendance Records

COMMENTARY

CONTRIBUTING TO THE U.S. ECONOMY



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As auto manufacturers, whether JAMA members, the U.S. Big Three, European or Korean manufacturers, we all take pride in the positive contributions we make to the U.S. economy and the communities in which we operate. JAMA's newly appointed Vice Chairman and President Yoshiyasu Nao (see Executive Highlights, page 6) believes that one of JAMA's top priorities will be promoting those contributions, which JAMA member companies bring to the many economies around the world. Nowhere is this more important than in America where Japanese companies now produce 64 percent of the vehicles they sell here.

In support of this priority JAMA has recently published a brochure* that details the concrete gains arising from Japanese investment in the U.S. over the past 20 years. The numbers tell a story of extraordinary change and impact:

- In 1980 Japanese manufacturers exported from Japan all the vehicles they sold in the U.S. By contrast, in 2003 JAMA members produced 2.8 million Japanese brand vehicles in the U.S. Although final numbers are not yet available this will increase by nearly 20 percent in 2004.

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The 38th Tokyo Motor Show, held November 2-7, featured commercial vehicles as well as automobiles and trucks designed for disabled drivers and passengers. Highlights of this year's show included:

- Automakers introduced 38 "worldwide debut" vehicles (those not previously unveiled anywhere in the world), as well as 15 "Japan debut" vehicles (those not previously unveiled in Japan). This was an increase over the 36th Commercial Vehicles Show in 2002 that showcased 27 worldwide debut vehicles and 9 Japan debut vehicles.
- 248,600 visitors attended the show, surpassing the target of 235,000 attendees and increasing by nearly 20 percent the 2002 attendance of 211,100.

Show organizers attribute the increased popularity of this year's event to the emphasis on advanced and environmentally friendly technologies (see related story, page 3), the additional focus on barrier-free vehicles and the increased opportunities for audience participation and hands-on events.

"Barrier-free" is a Japanese term for vehicles designed specifically to accommodate disabled drivers and passengers. Barrier-free vehicles on display ranged from small buses without steps, such as Hino's Poncho L model, to Isuzu's Gigamax Tractor AC, a specially designed truck that includes a powerlift so that wheelchair bound drivers can pursue professional trucking careers. Toyota also exhibited its new concept, the



The theme of this year's 38th Tokyo Motor Show was "Vehicles for people. Vehicles as partner," which describes the role that vehicles play in people's lives, businesses and communities.

Welcab series. In this vehicle, both the driver and passenger seats are made wheelchair accessible, allowing the disabled to get in and out of their vehicles without assistance.

Especially popular attractions at the show included:

- The Commercial and Barrier-Free Vehicles Test Ride where visitors could ride on display vehicles in a specially constructed venue.

Motor Show — Continued, Page 2

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- The market share of Japanese brand vehicles built in North America has increased from 15.3 percent in 1999 to 18.5 percent in 2003. The 2004 sales data just released brings this up to 20.6 percent.
- Approximately 59,000 Americans design and produce these vehicles. Another 351,000 distribute and sell them.
- The total dollars invested in America to bring this about has topped \$26 billion in 20 manufacturing facilities. Other facilities are in the planning or construction stage.
- Some of these plants are joint ventures and produce vehicles for the U.S. Big Three as well. For example, Mazda's joint venture with Ford in Flat Rock, Michigan, is now producing Ford's new Mustang. Toyota's joint venture with GM in Fremont, California, produces the Pontiac Vibe and Mitsubishi's plant in Normal, Illinois, produces the Chrysler Sebring.

Future

However, even more important in this story is the promise for the future. Investment dollars and jobs are the two most visible ways that Japanese automakers have become part of the fabric of the U.S. economy and for that matter other economies as well. Yet economic contributions go beyond the numbers to the introduction of a new economic dynamic. Cutting edge production technology, research and development, product innovation, improved vehicle safety, environmental solutions, and new designs all bring about a powerful energy that promises an even stronger economy for tomorrow. This energy tells us that we can look forward to increasing productivity, growing employment, and improving product quality at affordable prices. In short this investment promises a more creative society and a higher standard of living, which ultimately is the true value of the competition which made it all happen in the first place.

Your thoughts and views about this commentary are welcome. Please send them to me at wd@jama.org or by fax to 202-872-1212.

*The brochure is published on the JAMA Web site: http://www.jama.org/library/brochure_Oct2004.htm. It also is available in hardcopy by e-mailing your request to brochure@jama.org.

Tokyo Motor Show Continued From Page 1

- The Barrier-Free Vehicles Park where visitors could view barrier-free vehicles and related equipment and test-ride electric wheel chairs.
- The Commercial Vehicles and Motorcycles Ride and Experience Zone where visitors could explore and ride commercial vehicles.

Among the 206 vehicles on exhibit, about 25 percent were barrier-free vehicles and 20 percent were specifically designed to meet environmental needs, such as those complying with the new long-term exhaust emission regulations scheduled to go into effect in October 2005. ♦

Barrier-Free Vehicles at the Tokyo Motor Show

Toyota Welcab

Toyota exhibited one of its wheelchair accessible vehicles.



Isuzu Gigamax Tractor AC

Disabled drivers who wish to pursue trucking careers can do so with Isuzu's Gigamax, a barrier-free model displayed at the show.

Hino Poncho L

This Hino-designed bus uses a collapsible ramp, rather than steps, which makes it easier for wheelchair bound passengers to board.



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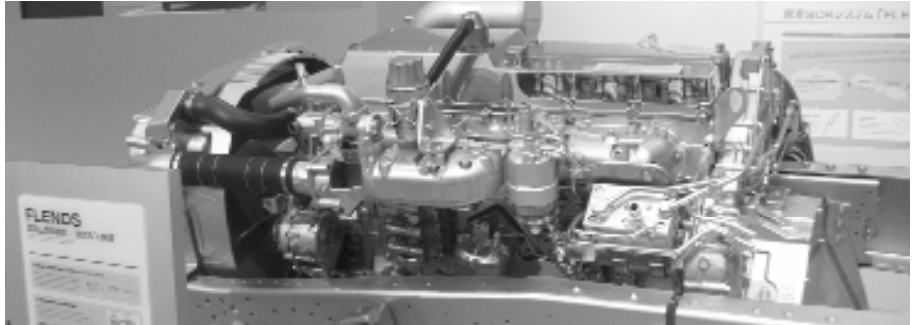
Eco-Friendly Vehicles Share the Limelight at Tokyo Motor Show

Getting a head start marketing new vehicles that meet Japan's strict new diesel emission rules that go into effect in October 2005, truck and bus makers displayed a host of environmentally friendly products at the 38th Tokyo Motor Show in early November.

Nissan Diesel announced the commercialization of its Final Low Emission New Diesel System (FLENDs). FLENDs is a new diesel system that is based on an advanced technology known as selective catalytic reduction (SCR). SCR combines ultra-high pressure fuel injection with a chemical urea-based catalyst. This technology is particularly effective in reducing harmful emissions from diesel engines.

Nissan Diesel is using this technology in the all-new Quon, which it rolled out in late November, making it the first production model to meet the rules.

Hino Motors displayed six hybrid commercial vehicles, including buses,



Nissan Diesel is commercializing the Final Low Emission New Diesel System, a new diesel system that is based on an advanced technology of selective catalytic reduction (SCR).

aerial platform vehicles and trucks. Isuzu showed both a new engine equipped with a ceramic filter to reduce emissions and next-generation concept vehicles powered by compressed natural gas and dimethyl ether (DME). DME is a chemical synthesized from natural gas or biomass. Vehicles powered by DME are environmentally friendly because they emit

no black smoke and extremely small amounts of particulate matter and nitrogen oxide.

According to the Japan Automobile Manufacturers Association (JAMA), sponsor of the show, about 20 percent of the 206 models on display were specifically designed to meet environmental needs. ♦

Executives Call for Harmonized Environmental Standards; Commercial Vehicle Makers Meet to Discuss Challenges

Executives of the world's leading manufacturers of heavy-duty vehicles and engines are urging government authorities worldwide to harmonize environmental standards and test procedures to promote the rapid development and deployment of environmentally friendly technologies.

At the 2nd Global Commercial Vehicle Meeting, held on the opening day of the Tokyo Motor Show (see related story, page 1), the executives recognized that their companies had made significant progress reducing emissions from heavy-duty vehicles. They agreed that more work remained, particularly in light of the more stringent emissions requirements in Europe, Japan and the U.S.

In a joint statement issued following the meeting, the executives said differences in exhaust emissions limits and test methods make it more difficult for vehicle manufacturers to develop, build and certify cleaner engines and vehicles for each of their markets. They concluded that harmonizing international standards would allow the industry to more rapidly deploy new technologies to reduce emissions, increase energy efficiency and promote safety worldwide.

The joint statement further indicated that they supported:

- The global use of ultra-low sulfur diesel fuel, which will lead to significantly lower diesel emissions.

- Ongoing efforts of the United Nations Economic Commission of Europe (UN-ECE) to develop standardized emissions testing methods and regulations.
- Efforts to enhance global road safety.

The Japan Automobile Manufacturers Association, the European Automobile Manufacturers Association and two American organizations, the Engine Manufacturers Association and the Truck Manufacturers Association, organized the meeting. ♦

Creative Concepts

Motor Show Offers Unusual Models

No motor show would be complete without the creative, futuristic concepts that vehicle makers exhibit mainly to draw showgoers to their exhibits. The 38th Tokyo Motor Show was no exception. The vehicles here represent just a sampling of the more unusual offerings at the 38th Tokyo Motor Show.

The Honda P.V. (Pickup Van) is in essence a tall station wagon. The rear and rear side windows retract into the body to allow easier access to the truck bed. The roof is stationary; however, a rear-only sunroof is available for taller cargo.

Toyota Hiace Sound Satellite is geared to disc jockeys on the go. Equipped with a fan-shaped sound studio with counter and audio gear, the vehicle also sported two large roof-mounted foldaway plasma display screens.

Suzuki Alto Heart Stand is a rolling retail stall. At the Tokyo Motor Show, it operated as a mobile flower shop.

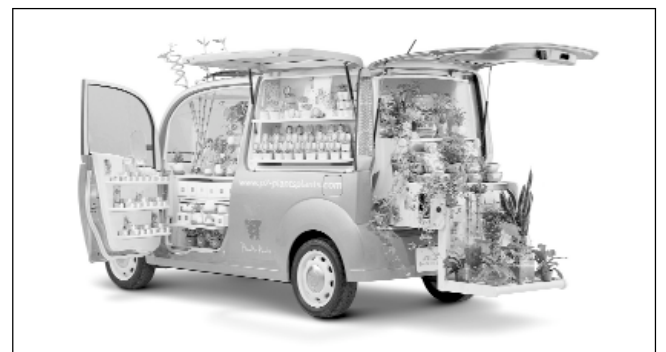
The Honda Hobick combines the English words “hobby” and “truck.” The two-tier rear storage and fold-down passenger seat allow the truck to carry hefty outdoor gear, such as a kayak or mountain bike. ♦



The Honda P.V.



The Toyota Hiace Sound Satellite



The Suzuki Alto Heart Stand



The Honda Hobick

Upcoming Tokyo Motor Shows

November 2005 **39th Tokyo Motor Show**
 Passenger Cars and
 Motorcycles

November 2006 **No Show**

November 2007 **40th Tokyo Motor Show**
 Passenger Cars, Trucks and
 Motorcycles

<http://www.tokyo-motorshow.com/eng/index.html>

For a Livable Society Manufacturers Showcase Technologies at ITS Conference in Japan

Hino Motors, which has long positioned itself as a champion of environmental conservation, showcased its new Hino Drivemaster technology at the 11th World Congress on ITS (Intelligent Transportation Systems) in Nagoya, Japan, in mid-October. This new technology will help drivers save fuel and reduce environmental damage from exhaust fumes. It also will raise environmental awareness among drivers.

The Hino Drivemaster technology is now being offered to fleet owners and drivers. The stand-alone onboard terminal warns a driver when he or she is wasting fuel because of poor driving. The system then generates a driving profile and recommends ways to alter driving habits to improve gas mileage. Hino also exhibited the technology at the Tokyo Motor Show a few weeks later.

This technology was just one of hundreds on display at the ITS conference. One unique aspect of this year's conference was that its exhibits were open to, and geared toward, the public. In the past, the conference had been open only to professionals in the field.

Organizers explained that the decision to go public with the conference is a natural progression for the ITS industry. Shoichiro Toyoda, the president of ITS Japan and honorary Chairman of Toyota, indicated that a new era in ITS technology is approaching. "We will enter a second



The Hino Drivemaster technology helps drivers save fuel.

stage in which ITS is deeply embedded in our lives," Toyoda said.

Other Technologies

Nissan, Toyota, Honda, Yamaha and DaimlerChrysler also displayed new technologies at the conference. Many of these technologies focused on safety and may take years to develop.

Toyota, for instance, displayed a futuristic system that would prevent drivers from speeding through school zones and stop signs. The system would apply the brakes if it confirmed the presence of a stop sign or school zone. Toyota also presented the "Laser Feeler Driving Support" System, a technology that uses a low-level laser to monitor objects, people or another car's laser beam. If the system anticipates a collision, it applies the brakes.

Honda offered a hands-on demonstration of a new inter-vehicle networking and communication system designed to prevent crashes by electronically alerting a driver to the position, direction and speed of other

vehicles around it. Visitors to the Honda exhibit also had a chance to experiment with Honda's first collision mitigation brake system already installed on some Acura models.

To promote driving safety, Nissan displayed a prototype vehicle with a new high-speed optical network that transmits data within an automobile at a speed of 400 megabits per second, which is four times the speed of the current standard internal office computer network. The car is fitted with a monitor in the front seat area, which can display up to four images at one time from seven different cameras mounted at the front, side and rear of the vehicle, giving the driver full visibility, including blind spots. Another aspect of the optical network is that it allows for a rear seat monitor showing DVD images for the entertainment of passengers.

At the show, Yamaha also exhibited safety cameras that keep track of objects in the rear. ♦

EXECUTIVE HIGHLIGHTS

Yoshiyasu Nao, JAMA Vice Chairman and President: Promoting Harmonized Environmental Standards

In the six months since he became Vice Chairman and President of the Japan Automobile Manufacturers Association (JAMA), Yoshiyasu Nao has overseen JAMA's and its member companies' participation in two major global meetings of truck and passenger car executives and held a wide range of regional meetings in China, Southeast Asia and Europe.

Nao's long and distinguished career at Japan's Ministry of Economy, Trade and Industry (METI) helped prepare him for these international responsibilities. In addition to serving in METI's International Trade

Bureau, he also served as Counselor for trade issues in the Japanese Embassy in Italy and as the Director General of the Japan External Trade Organization's (JETRO) Bangkok Center in Thailand.

Among Nao's top priorities for JAMA is to continue pressing for internationally harmonized environmental standards and test procedures. These issues often involve conflicting regulations set by many different governments that extend beyond any single country or region, and therefore should be handled at the global level, Nao said. Accordingly, harmonization was an important issue at the 2nd Global Commercial Vehicle Meeting (see related story, page 3) in Tokyo in early November and Nao said JAMA planned to discuss the issue again at the 3rd Global Automotive Industry Meeting in Detroit on January 11 before the start of the Detroit Motor Show.

At the November meeting, senior executives in the heavy-duty truck industry focused on harmonization of exhaust emissions, fuel quality and future technologies. At the January meeting, senior executives in the



passenger car and light truck industry also discussed harmonization of fuel quality and future technologies as well as intellectual property rights and sustainable mobility with global road safety. Nao believes the industry has made good progress reducing emissions from heavy-duty vehicles, but he also believes that differences in exhaust emissions regulations and test methods are making it more difficult for automakers to build, test and certify cleaner engines and vehicles for each of their markets. This is true particularly in light of the more stringent emissions requirements in Europe, Japan and the U.S.

Nao said that if the fuel quality regulations were harmonized, automakers would be able to more rapidly deploy new technologies to reduce emissions, increase energy efficiency and promote safety worldwide. He pledged that JAMA and its members would continue to cooperate in the future with other international automotive trade associations and their members to solve global automotive issues, such as the harmonization of exhaust emissions and fuel quality.

Aside from promoting harmonization, Nao thinks it is important that opinion

leaders and the general public be aware of the economic contributions JAMA members are making around the world, particularly in the U.S. For example, since 1993 JAMA members' cumulative investment in U.S. auto and auto parts manufacturing plants has grown from \$11 billion to nearly \$26 billion today, a 133 percent increase. The number of plants grew from 11 in 1993 to 20 today and will grow to 23 by 2006. These plants employed 56,336 persons and produced about 2.9 million vehicles in 2003. JAMA members also employed 3,100 R&D staff in the U.S. while 7,077 U.S. dealers of Japanese-brand vehicles employed 334,289 Americans in 2003. In addition, JAMA members purchased \$41.51 billion in U.S. parts in Japan fiscal year 2003.

Nao also is promoting expanded business relationships between JAMA members and North American automotive suppliers. In September, JAMA and the Motor & Equipment Manufacturers Association (MEMA) held their 10th MEMA/JAMA One on One® Business Conference in Dearborn, Michigan.

The 2004 conference featured a series of private, prescheduled, company-to-company business meetings between North American suppliers and Japanese original equipment manufacturers (OEMs). Nao said that these business conferences have generated millions of dollars in sales for North American suppliers with Japanese OEMs over the past 12 years.

Nao said, "Given the importance of the American economy to our members, we need to continue growing our contributions in the U.S. It makes good business sense." ♦

WHAT'S HAPPENING IN JAPAN'S MARKET

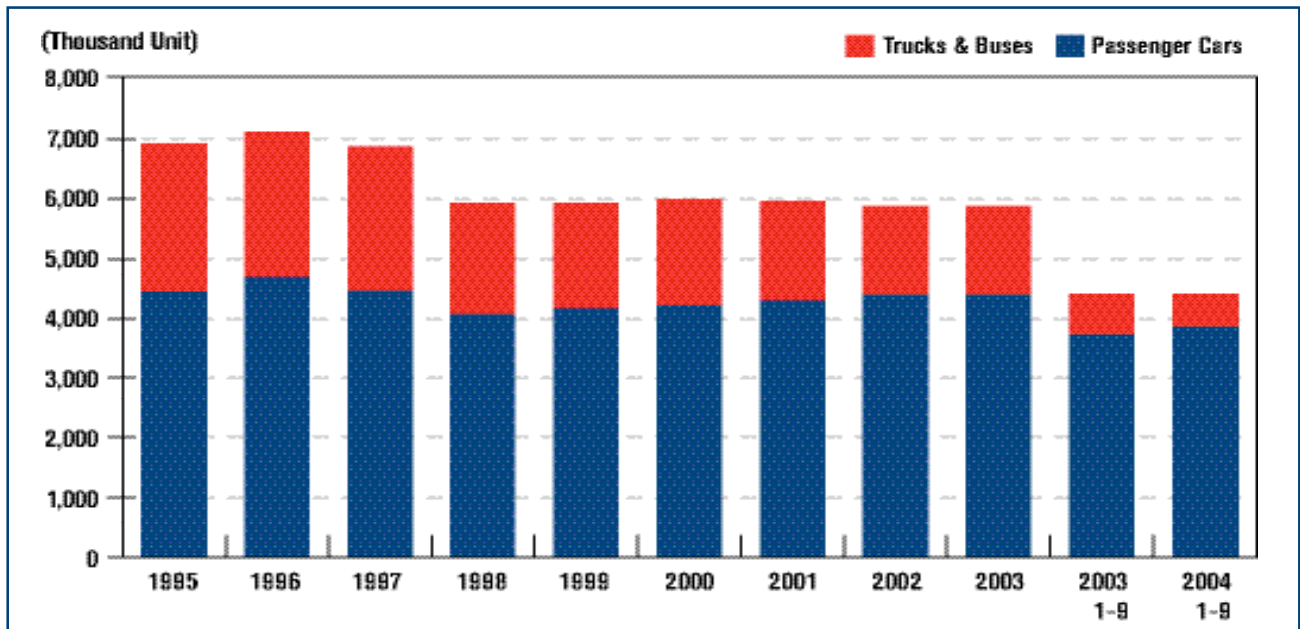
- Overall car sales for the first nine months of 2004 are up 6.6% over the first nine months of 2003.
- Overall truck sales are down 20.1%, while bus sales are down 11.2%.
- Sales of large cars and trucks rose 87.1% and 71.8% respectively, while sales of mini cars and trucks rose 7.7% and 4.1%, respectively.
- Sales of small cars and trucks fell 17.8% and 50.8%, respectively.

NEW VEHICLE SALES IN JAPAN: JANUARY THROUGH SEPTEMBER 2004 vs. 2003

	% Change 2004/2003	January - September 2004	January - September 2003
PASSENGER CARS			
Large	87.1%	1,042,569	557,288
Small	-17.8%	1,552,661	1,887,889
Mini	7.7%	1,059,550	983,534
SUBTOTAL	6.6%	3,654,780	3,428,711
TRUCKS			
Large	71.8%	148,844	86,627
Small	-50.8%	275,564	560,060
Mini	4.1%	397,387	381,854
SUBTOTAL	-20.1%	821,795	1,028,541
BUSES	-11.2%	15,317	17,245
GRAND TOTAL SALES	0.4%	4,491,892	4,474,497

Note: This chart includes imported vehicle sales. For details, please see page 7b.

NEW VEHICLE SALES IN JAPAN: ANNUAL TREND



Note: For more details, please visit our Web site: www.jama.org/statistics. Source: Japan Automobile Manufacturers Association



- Import vehicle sales for the first nine months of 2004 rose 0.2%, while overall vehicle sales for the first nine months of 2004 rose at the slightly higher rate of 0.4%.
- BMW sales increased 11%, while Volkswagen sales remained the same.
- Imports of General Motors, Ford and DaimlerChrysler brands fell 32.4%, 2.3% and 2.9%, respectively.

NEW IMPORTED VEHICLE SALES IN JAPAN: JANUARY THROUGH SEPTEMBER 2004 vs. 2003

(Includes Total Passenger Cars, Trucks and Buses)

		% Change 2004/2003	Total Vehicles 2004	Total Vehicles 2003
GENERAL MOTORS				
	Chevrolet	-24.6%	2,371	3,145
	Cadillac	32.2%	792	599
	Opel	-60.8%	1,253	3,196
	Saab	-10.4%	561	626
	Other	15.9%	321	277
	SUBTOTAL	-32.4%	5,298	7,843
FORD				
	Ford	5.2%	4,304	4,092
	Volvo	-1.4%	10,890	11,040
	Land Rover	-1.4%	1,821	1,846
	Jaguar	-13.6%	3,326	3,850
	Aston Martin	9.4%	35	32
	SUBTOTAL	-2.3%	20,376	20,860
DAIMLERCHRYSLER				
	Chrysler	-2.3%	5,095	5,214
	Mercedes-Benz	-0.7%	34,210	34,443
	Smart	-31.9%	1,916	2,815
	Other	480.0%	29	5
	SUBTOTAL	-2.9%	41,250	42,477
VW				
	VW	-1.4%	41,823	42,434
	Audi	4.8%	9,580	9,143
	Other	185.2%	251	88
	SUBTOTAL	0.0%	51,654	51,665
BMW				
	BMW	14.3%	28,263	24,717
	Mini	1.9%	9,527	9,345
	Rolls Royce	725.0%	33	4
	SUBTOTAL	11.0%	37,823	34,066
PORSCHE				
		18.7%	2,275	1,917
RENAULT				
		46.1%	2,509	1,717
PSA				
	Peugot	-14.8%	9,453	11,095
	Citroen	20.4%	1,577	1,310
	SUBTOTAL	-11.1%	11,030	12,405
FIAT				
	Fiat	-20.7%	1,106	1,394
	Alfa Romeo	-3.1%	4,631	4,781
	Ferrari	6.5%	346	325
	Other	75.0%	84	48
	SUBTOTAL	-5.8%	6,167	6,548
SUBARU				
		-40.8%	1,386	2,342
TOYOTA				
		265.1%	16,384	4,488
HONDA				
		-56.7%	7,229	16,690
HYUNDAI/KIA				
		6.4%	1,949	1,831
OTHERS				
		-3.6%	977	1,013
GRAND TOTAL IMPORT SALES				
		0.2%	206,307	205,862
	(Import Passenger Cars)	0.2%	203,646	203,205
	(Import Trucks and Buses)	0.2%	2,661	2,657
GRAND TOTAL SALES				
		0.4%	4,491,892	4,474,497

Source: Japan Automobile Importers Association / Japan Automobile Manufacturers Association
Totals include mini-car sales.