



2000

***THE MOTOR
INDUSTRY
OF JAPAN***

JAMA

JAPAN AUTOMOBILE MANUFACTURERS ASSOCIATION, INC.

Introduction

This booklet offers our readers a brief overview of the Japanese automobile industry today. It contains a wide range of pertinent statistics on the industry's status and looks at relevant trends and developments.

The Japan Automobile Manufacturers Association, Inc. (JAMA) aims to facilitate understanding of the Japanese motor vehicle industry by providing helpful insights into the industry. We hope that you will find this publication informative, and we welcome your questions and comments.

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Motor Vehicle Classifications

Throughout this booklet, motor vehicles are referred to as standard, small or “mini” cars. These categories are based primarily on engine displacement: standard is over 2000cc, small is 661-2000cc, and mini is 660cc and under.

Most passenger cars in Japan are in the small category, but the other two sectors have been expanding in recent years. For more details, see Motor Vehicle Classification on page 20 and Car Market Sectors on page 7.

1999 in Summary

SUMMARY: 1999 DOMESTIC PERFORMANCE AND EXPORTS

	Cars	Trucks	Buses	Total
Production	8,100,169 0.6%	1,746,912 -9.8%	48,395 -15.0%	9,895,476 -1.5%
New Registrations	4,154,084 1.5%	1,692,654 -4.5%	14,478 2.4%	5,861,216 -0.3%
Exports	3,757,450 2.0%	613,113 -22.9%	38,380 -21.5%	4,408,943 -2.6%

Notes: 1. New registrations include imported vehicles.

2. Percentage figures represent the change from the preceding year.

Sources: Japan Automobile Manufacturers Association, Japan Automobile Dealers Association, Japan Mini-Vehicles Association.

SUMMARY: 1999 DOMESTIC MOTORCYCLE PERFORMANCE AND EXPORTS

	50cc & under	Over 50cc	Total
Production	679,690 19.0%	1,572,021 -12.5%	2,251,711 -14.6%
Demand in Japan	621,276 -16.6%	215,683 -32.2%	836,959 -21.3%
Exports	89,547 -22.0%	1,413,138 -11.9%	1,323,591 -11.1%

Note: Percentage figures represent the change from the preceding year.

JAPAN'S CAR/TRUCK/BUS PRODUCTION, SALES AND EXPORTS BY MAKE (1999)

	Production	Chg.(%)	Sales	Chg.(%)	Exports	Chg.(%)
Cars	478,598	17.8	341,574	7.6	92,560	6.7
Trucks	182,998	22.1	180,950	24.9	11,565	-23.4
Daihatsu	661,596	19.0	522,524	19.5	104,125	2.2
Cars	395,042	11.9	219,953	14.0	175,235	5.2
Trucks	86,222	17.3	82,111	-3.5	33	-83.2
Fuji	481,264	12.8	302,064	8.7	175,268	5.1
Trucks	36,338	0.8	28,397	3.8	11,747	-6.2
Buses	3,195	-15.7	2,132	-11.2	1,322	-25.5
Hino	39,533	-0.7	30,529	2.6	13,069	-8.6
Cars	1,143,459	-0.3	611,063	3.8	531,445	0.2
Trucks	77,496	-19.4	76,328	-17.5	0	—
Honda	1,220,955	-1.8	687,391	0.9	531,445	0.2
Cars	37,630	-19.0	1,886	-27.7	47,427	9.6
Trucks	221,248	-15.0	72,382	-12.7	151,485	-14.0
Buses	2,078	-22.5	1,227	-4.2	1,150	-35.1
Isuzu	260,956	-15.8	75,495	-13.1	200,062	-9.5
Cars	705,134	-0.2	251,806	5.0	481,960	0.4
Trucks	76,357	-42.0	63,454	-19.0	25,450	-65.7
Buses	0	0.0	0	0.0	350	-72.1
Mazda	781,491	-6.8	315,260	-0.9	507,760	-8.6
Cars	752,940	0.7	324,603	0.2	348,627	-8.6
Trucks	254,311	-21.7	255,307	-4.7	79,667	-42.3
Buses	6,644	-21.0	4,259	-9.3	2,704	-25.9
Mitsubishi	1,013,895	-6.2	584,169	-2.0	430,998	-17.6
Cars	1,209,702	-10.6	568,170	-7.3	550,745	-7.2
Trucks	169,979	-11.7	204,008	-4.0	99,676	-7.3
Buses	5,461	-12.2	1,347	-7.1	3,871	-17.7
Nissan	1,385,142	-10.7	773,552	-14.2	654,292	-7.3
Trucks	21,553	-21.9	15,563	-14.7	9,859	-25.4
Buses	1,069	-26.2	590	-25.1	441	-36.1
Nissan Diesel	22,622	-22.1	16,153	-15.1	10,300	-25.9
Cars	679,143	8.6	410,225	14.0	217,948	-4.6
Trucks	230,197	26.2	208,988	7.1	15,635	223.6
Suzuki	909,340	12.6	619,213	11.6	233,583	0.1
Cars	2,698,503	1.1	1,153,368	1.2	1,311,503	11.7
Trucks	389,775	-15.5	498,394	-10.5	207,996	-18.0
Buses	29,948	-12.7	4,879	41.0	28,542	-18.6
Toyota	3,118,226	-1.5	1,656,641	-2.6	1,548,041	5.8
Other (Imports)	456	16.3	278,225	0.9	10,987	6.7
Total Cars	8,100,169	0.6	4,154,084	1.5	3,757,450	2.0
Total Trucks	1,746,912	-9.8	1,692,654	-4.5	613,113	-22.9
Total Buses	48,395	-15.0	14,478	2.4	38,380	-21.5
Total	9,895,476	-1.5	5,861,216	0.3	4,408,943	-2.6

Sources: Japan Automobile Manufacturers Association, Japan Automobile Dealers Association, Japan Mini-Vehicles Association.

JAPAN'S TOP SELLERS

	1999	Chg.(%)
1 Toyota Corolla	160,677	-18.2
2 Toyota Vitz	156,646	N.A.
3 Honda Step Wagon	90,495	-3.0
4 Toyota Crown	87,253	18.0
5 Mazda Demio	84,840	-17.1
6 Nissan Cube	81,796	-24.2
7 Toyota Mark II	73,768	-18.5
8 Subaru Legacy	70,181	17.6
9 Nissan March	60,430	-36.2
10 Nissan Sunny	54,843	-18.0
11 Honda Odyssey	48,211	-17.8
12 Toyota Ipsum	47,563	-19.9
13 Mitsubishi Chariot Grandis	47,307	-33.0
14 Toyota FunCargo	46,575	N.A.
15 Toyota Vista	41,170	22.9
16 Mazda Familia	39,534	5.4
17 Honda Accord	39,026	-30.9
18 Toyota Raum	38,736	-21.4
19 Toyota Corona	36,349	-18.5
20 Toyota Gaia	36,083	25.4
21 Toyota Carina	35,853	-12.7
22 Honda Logo	34,588	-21.6
23 Toyota Altezza	34,020	152.6
24 Honda Capa	33,802	-13.6
25 Toyota Caldina Wagon	33,634	-32.9
26 Nissan Presage	31,877	18.8
27 Nissan Wingroad	30,956	25.4
28 Subaru Impreza	29,934	-18.8
29 Toyota Nadia	29,402	62.7
30 Toyota Duet	28,424	128.5

Note: N.A. = Not available.

Source: Japan Automobile Dealers Association.

Motor Vehicle Production

Production of motor vehicles in Japan experienced its second straight year of decline in 1999, posting a year-on-year drop of 1.5% to 9,895,476 units. This decline is attributable to exports weakening under the impact of the strong yen and to a downturn in domestic sales.

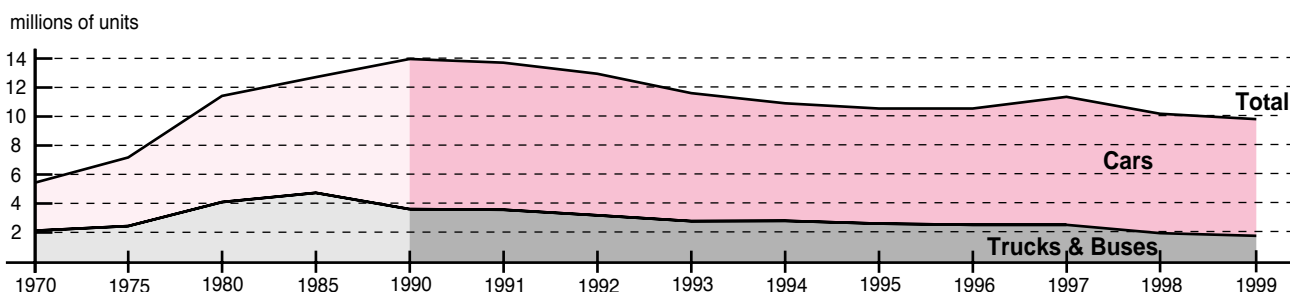
Production figures for most models registered year-on-year falls, with the result that production of cars, trucks and buses sank below the 10 million-unit level for the first time since 1979.

Passenger car production slipped 0.6% from the previous year to 8,100,169 units. However, the mini-vehicle category (which includes minicars and

minitrucks) surged by 32.6%, benefiting from the strong demand for new models built to specifications revised in October 1998 to boost crashworthiness, and thus partially offsetting the decline in the small car category since 1997.

Truck production continued to decline for the fifth year straight, reflecting a fall in goods distribution and a slump in construction resulting from the slowdown in some areas of business activity and in consumer spending. Production of buses was down for the second year straight, falling by 15.0% to 48,395 units.

MOTOR VEHICLE PRODUCTION



Year	Cars	Chg.(%)	Trucks	Chg.(%)	Buses	Chg.(%)	Total	Chg.(%)
1999	8,100,169	0.6	1,746,912	-9.8	48,395	15.0	9,895,476	-1.5
1998	8,055,763	-5.1	1,937,076	-20.0	56,953	-8.5	10,049,792	-8.4
1997	8,491,440	8.0	2,421,413	-0.3	62,234	17.1	10,975,087	6.1
1996	7,864,676	3.3	2,428,897	-4.3	53,126	12.4	10,346,699	1.5
1995	7,610,533	-2.5	2,537,737	-6.1	47,266	-3.8	10,195,536	-3.4
1994	7,802,037	-8.1	2,702,970	0.6	49,112	2.2	10,554,119	-6.0
1993	8,493,943	-9.4	2,685,528	-12.5	48,074	-7.6	11,227,545	-10.2
1992	9,378,694	-3.8	3,068,585	-11.0	52,005	17.0	12,499,284	-5.6
1991	9,753,069	-2.0	3,447,914	-1.4	44,449	10.6	13,245,432	-1.8
1990	9,947,972	9.9	3,498,639	-11.0	40,185	-4.5	13,486,796	3.5
1985	7,646,816	8.1	4,544,688	5.2	79,591	10.2	12,271,095	7.0
1980	7,038,108	14.0	3,913,188	15.2	91,588	46.4	11,042,884	14.6
1975	4,567,854	16.2	2,337,632	-9.2	36,105	-21.2	6,941,591	5.9
1970	3,178,708	21.7	2,063,883	2.1	46,566	11.3	5,289,157	13.1
1965	696,176	20.1	1,160,090	4.6	19,348	41.5	1,875,614	10.2
1960	165,094	110.0	308,020	73.5	8,437	25.3	481,551	83.2
1955	20,268	40.0	43,857	-11.5	4,807	-16.4	68,932	-1.6
1950	1,594	—	26,501	—	3,503	—	31,597	—

Note: Percentage figures represent the change from the preceding year.

1999 DOMESTIC PRODUCTION BY MANUFACTURER

Manufacturer	Cars	Chg.(%)	Trucks	Chg.(%)	Buses	Chg.(%)	Total	Chg.(%)
Daihatsu	478,598	17.8	182,998	22.1	—	—	66,196	19.6
Fuji Hvy. Ind.	395,042	11.9	86,222	17.3	—	—	481,264	12.8
Hino	—	—	36,338	0.8	3,195	-15.7	36,533	-0.7
Honda	1,143,459	-0.3	77,496	-19.4	—	—	1,220,955	-1.8
Isuzu	37,630	-19.0	221,248	-15.0	2,078	-22.5	260,956	-15.8
Mazda	705,134	-0.2	76,357	-42.0	—	—	781,491	-6.8
Mitsubishi	752,940	0.7	254,311	-21.7	6,644	21.0	1,013,895	-6.2
Nissan	209,702	-10.6	169,979	-11.7	5,461	-12.2	1,385,142	-10.7
Nissan Diesel	—	—	21,553	-21.9	1,069	-26.2	22,622	-22.1
Suzuki	679,143	8.6	230,197	26.2	—	—	909,340	12.6
Toyota	2,698,503	1.1	389,775	-15.5	29,948	-12.7	3,118,226	-1.5
Total	8,100,169	0.6	1,746,912	-9.8	48,395	-15.0	9,895,476	-15.0

Note: Percentage figures represent the change from the preceding year.

Domestic Sales of New Motor Vehicles

Registrations of new motor vehicles in 1999 sank for the third year straight, totalling 5,861,216 units, or a decline of 0.3% from the previous year. This decline reflects the ongoing slump in consumer spending and corporate capital investment as a result of the protracted economic slowdown.

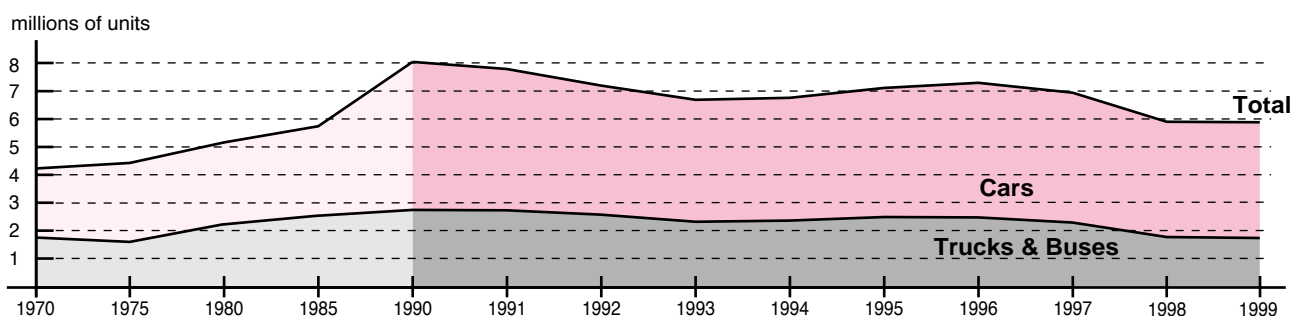
Sales of passenger cars, however, posted a year-on-year rise of 1.5% to 4,154,084 units, marking the first increase in three years. The minicar category took the spotlight, continuing to benefit from these vehicles' improved crashworthiness since the revision of specifications in 1998. Sales of minicars

surged to 1,236,000 units, up by 30.5% over the previous year to mark a record high.

Demand for trucks was adversely affected by the continued economic slowdown, a reduction in the number of vehicles owned by transport operators and an increase in joint shipping operations, as well as by extensions in the length of vehicle service. New truck registrations fell to 1,692,654 units, a year-on-year drop of 4.5%, marking a decline for the fourth year straight.

Registrations of new buses increased by 2.4%, the first rise since 1990.

NEW MOTOR VEHICLE SALES



Year	Cars	Chg.(%)	Trucks	Chg.(%)	Buses	Chg.(%)	Total	Chg.(%)
1999	4,154,084	1.5	1,692,654	-4.5	14,478	2.4	5,861,216	-0.3
1998	4,093,148	-8.9	1,772,136	-20.1	14,141	-10.3	5,879,425	-12.6
1997	4,492,006	-3.8	2,217,257	-7.3	15,763	-8.5	6,725,026	-5.0
1996	4,668,728	5.1	2,391,790	-0.5	17,227	-0.4	7,077,745	3.1
1995	4,443,906	5.6	2,403,825	4.6	17,303	-3.0	6,865,034	5.2
1994	4,210,168	0.3	2,298,685	2.2	17,843	-6.2	6,526,696	0.9
1993	4,199,451	-5.7	2,248,803	-9.4	19,025	-11.8	6,467,279	-7.1
1992	4,454,012	-8.5	2,483,484	-6.3	21,577	-9.3	6,959,073	-7.5
1991	4,868,233	-4.6	2,632,730	-0.6	23,796	-4.5	7,524,759	-3.2
1990	5,102,659	15.9	2,649,909	-6.3	24,925	-5.9	7,777,493	7.2
1985	3,104,083	3.3	2,431,178	4.7	21,573	6.4	5,556,834	2.2
1980	2,854,176	-6.0	2,137,947	2.2	23,387	-2.5	5,015,510	-2.7
1975	2,737,641	19.7	1,551,454	0.7	19,836	-12.6	4,308,931	11.9
1970	2,379,137	16.8	1,693,502	-4.4	27,828	4.2	4,100,467	6.9
1965	586,287	18.8	1,073,832	9.0	14,843	-2.4	1,674,962	12.1
1960	145,227	98.8	255,693	61.2	7,260	12.2	408,180	71.4
1955	20,055	—	40,498	—	3,977	—	64,530	—

Notes: 1. Figures include imported vehicles.

Sources: Japan Automobile Dealers Association, Japan Mini-Vehicles Association.

2. Percentage figures represent the change from the preceding year.

1999 DOMESTIC SALES BY MANUFACTURER

Manufacturer	Cars	Chg.(%)	Trucks	Chg.(%)	Buses	Chg.(%)	Total	Chg.(%)
Daihatsu	341,574	7.6	180,950	24.9	—	—	522,524	19.5
Fuji Hvy. Ind.	219,953	14.0	82,111	-3.5	—	—	302,064	8.7
Hino	—	—	28,397	3.8	2,132	-11.2	30,529	2.6
Honda	611,063	3.8	76,328	-17.5	—	—	687,391	0.9
Isuzu	1,886	-27.7	72,382	-12.7	1,227	-4.2	75,495	-13.1
Mazda	251,806	5.0	63,454	-19.0	—	—	315,260	-0.9
Mitsubishi	324,603	0.2	255,307	-4.7	324,603	0.2	255,307	-4.7
Nissan	568,170	-7.3	204,008	-4.0	1,347	-7.1	773,552	-14.2
Nissan Diesel	—	—	15,563	-14.7	590	-25.1	16,153	-15.1
Suzuki	410,225	14.0	208,988	7.1	—	—	619,213	11.6
Toyota	1,153,368	1.2	498,394	-10.5	4,879	41.0	1,656,641	-2.6
Imports	271,436	2.1	6,772	-32.2	17	56.4	278,225	0.9
Total	4,154,084	1.5	1,692,654	-4.5	14,478	2.4	5,861,216	0.3

Note: Percentage figures represent the change from the preceding year.

Sources: Japan Automobile Dealers Association, Japan Automobile Importers Association.

Sales of Imported Cars in Japan

After three years of decline, sales of imported vehicles (including commercial vehicles) increased, amounting to 278,225 units or a year-on-year rise of 0.9%. Sales of imported passenger cars totalled 271,436 units, up 2.1%.

As a result, the share of imports in the Japanese passenger car market (excluding minicars, as no foreign manufacturers sell minicars in Japan) rose to 9.3%, up from 8.5% in 1998. Including minicars, the share of the market held by imports was 6.5%.

The figures for imported vehicles include sales of imported vehicles produced at the overseas facilities

of Japanese automakers. Sales of such vehicles in 1999 posted a year-on-year increase of 9.4%, amounting to 26,044 units, marking the first rise in four years.

European-made imports continued their domination, accounting for a share of 78.7% of the import market (up 1.3% to 213,534 units). Sales of U.S.-made vehicles rose 0.3% to 53,636 units. Excluding imported vehicles produced at the U.S. facilities of Japanese automakers, however, sales of U.S.-made vehicles slumped by 10.9% to 31,899 units.

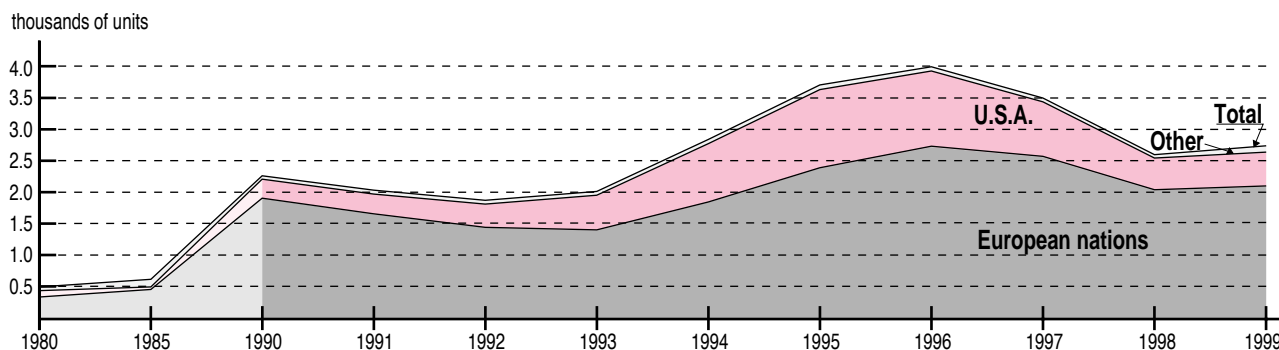
BEST-SELLING FOREIGN MAKES

Manufacturer	1999	Chg.(%)
1 Mercedes-Benz	53,474	25.7
2 Volkswagen	47,254	13.4
3 BMW	35,281	5.9
4 Opel	19,433	-19.8
5 Honda	18,511	111.5

Manufacturer	1999	Chg.(%)
6 Volvo	14,299	-12.8
7 Rover	14,116	-11.8
8 Chevrolet	10,103	-23.1
9 Toyota	7,842	-27.9
10 Peugeot	7,145	12.7

Note: BMW includes units manufactured in the U.S., Volvo includes units manufactured in the Netherlands, and Mercedes-Benz includes units manufactured in the U.S. and Spain.

NEW REGISTRATIONS OF IMPORTED CARS



Country of Origin	1980	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
European nations	33,813	190,750	165,149	142,567	138,703	182,335	236,307	268,700	256,485	210,888	213,534
(German cars)	(26,038)	(137,442)	(119,048)	(104,680)	(97,684)	(120,886)	(156,216)	(184,133)	(177,075)	(148,607)	(157,645)
U.S.A.	11,058	28,602	30,128	37,085	54,493	91,643	122,872	122,559	83,344	53,462	53,636
(U.S.-made Japanese cars)	(0)	(12,598)	(16,328)	(22,765)	(35,083)	(57,368)	(84,722)	(69,534)	(36,206)	(17,664)	(21,737)
Other	0	2,345	1,907	1,765	1,894	2,183	3,086	2,133	1,666	1,498	4,266
Total	44,871	221,706	197,184	181,417	195,090	276,161	362,265	393,392	341,495	265,848	271,436
Chg.(%)	—	22.9	-11.1	-8.0	7.5	41.6	31.2	8.6	-13.2	-22.2	2.1

Note: Percentage figures represent the change from the preceding year.

Car Market Sectors

In Japan, passenger cars are classified on the basis of engine displacement and vehicle dimensions (total length, width and height), as indicated on page 20.

One of the salient characteristics of the Japanese market is the dominant presence of the small and minicar sectors. In 1999, these two sectors combined took 82.6% of the market, with small cars accounting for a 52.8% share and minicars, which have benefited from growing popularity in recent years, surging to a 29.8% share.

In contrast, the share held by standard cars peaked in 1995 at 20% and has since been on a downtrend.

Another notable characteristic of the Japanese market is that standard cars hold a very strong position in the import market. Over the past five years, standard cars have consistently dominated the imported car market, with their share standing at 71.1%, 70.6%, 65.5%, 70.2%, and 82.0%, respectively.

The minicar category was established in 1949 as a distinctive category of the Japanese market. The specifications defining the category have undergone various revisions. Currently, the engine displacement for the category is 660cc or lower. Demand for minicars is propelled by their excellent fuel economy, ability to maneuver under cramped conditions, and attractive tax and insurance

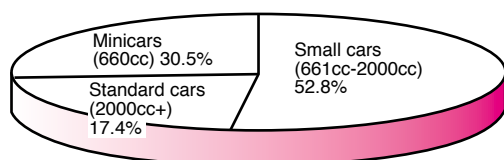
benefits, making them a convenient, economical mode of transportation for routine activities such as daily commutes and shopping.

Regulatory limits on the overall length and width of minicars were broadened in October 1998 by 10cm and 8cm, respectively, to make the category more crashworthy, with maximum engine displacement remaining at 660cc.

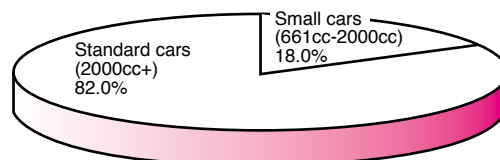
Breaking down the passenger car market by fuel type reveals the following data. As of December 1999, gasoline-powered cars numbered 37,246,258 units, or 72.8% of all cars on the road. Diesel-powered cars numbered 4,668,865 units, accounting for 9.3% of cars on the road. Cars powered by LPG or other alternative sources of fuel numbered 272,931 units, or 0.5% of cars on the road.

Standard cars are defined as vehicles with an engine displacement over 2000cc and overall length, width and height of over 4.7 meters, over 1.7 meters, and over 2.0 meters, respectively. Small cars are vehicles with an engine displacement of 661-2000cc and overall length, width and height of over 3.4 meters to 4.7 meters, over 1.48 meters to 1.7 meters, and 2.0 meters and under, respectively. Similarly, minicars are vehicles with an engine displacement of 660cc or less and overall length, width and height of 3.4 meters and under, 1.48 meters and under, and 2.0 meters and under, respectively.

1999 CAR MARKET SHARE BY CATEGORY



1999 IMPORTED CAR MARKET SHARE BY CATEGORY



PASSENGER CAR SALES IN JAPAN BY MARKET SECTOR

	1980	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
SMALL CARS	2,608,215	3,839,221	3,364,285	2,966,003	2,743,336	2,712,682	2,654,291	2,813,362	2,701,686	2,389,671	2,193,920
Growth rate	-6.2%	2.8%	-12.4%	-22.7%	-7.5%	-1.1%	-2.2%	6.0%	-4.0%	-11.5%	-8.2%
Market share	91.4%	75.2%	69.1%	66.6%	65.3%	64.4%	59.7%	60.3%	60.1%	58.4%	52.8%
STANDARD CARS	71,931	467,490	663,611	713,828	683,750	687,463	889,260	897,985	873,220	756,117	723,999
Growth rate	-15.1%	69.1%	42.0%	7.6%	-4.3%	0.5%	29.4%	1.0%	-2.8%	-13.4%	-4.3%
Market share	2.5%	9.2%	13.6%	16.0%	16.3%	16.3%	20.0%	19.2%	19.4%	18.5%	17.4%
MINICARS	174,030	795,948	840,337	774,181	772,365	810,023	900,355	957,381	917,100	947,360	1,236,165
Growth rate	2.2%	102.8%	5.6%	-7.9%	-0.2%	4.9%	11.2%	6.3%	-4.2%	3.3%	30.5%
Market share	6.1%	15.6%	17.3%	17.4%	18.4%	19.3%	20.3%	20.5%	20.4%	23.1%	29.8%
TOTAL MARKET	2,854,176	5,102,659	4,868,233	4,454,012	4,199,451	4,210,168	4,443,906	4,668,728	4,492,006	4,093,148	4,154,084
Growth rate	-6.0%	15.9%	-4.6%	-8.5%	-5.7%	0.3%	5.6%	5.1%	-3.8%	-8.9%	1.5%

Note: Figures include imports.

Motor Vehicle Exports

Exports of motor vehicles in 1999 slipped by 2.6% to 4,408,943 units for the second straight year of decline.

By destination, exports to North America and Asia were buoyant, up 18.1% and 9.6%, respectively, whereas exports to Latin America and the Middle East dropped sharply, down 38.3% and 32.3%, respectively. By country, exports to the US rose by

18.5%, making it the biggest export destination, with a share of 35.3%.

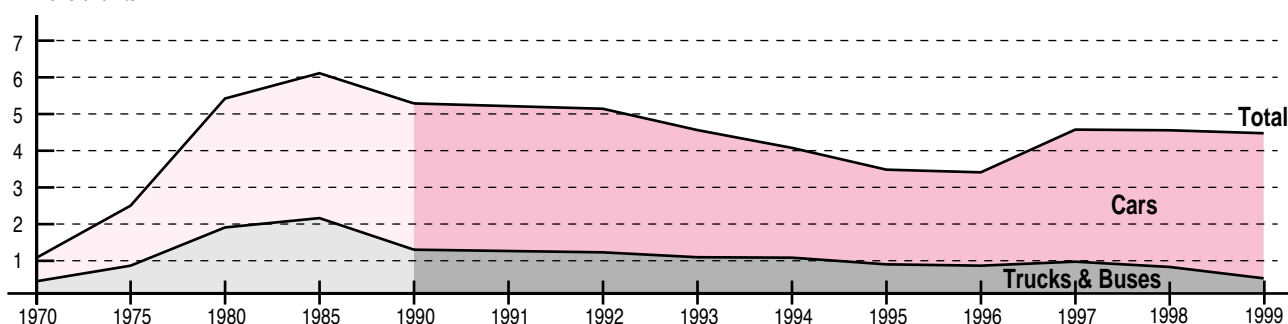
Exports as a proportion of Japan's total domestic production dipped to 44.6%. Meanwhile, the globalization activities of Japanese automakers continued to make steady progress, with overseas production in 1999 amounting to 6,534,740 units.

EXPORTS BY DESTINATION

Destination	1970	1975	1980	1985	1990	1995	1996	1997	1998	1999
Asia	149,787	290,134	581,116	710,587	569,143	616,027	620,016	606,389	264,987	290,436
Middle East	26,635	241,511	542,955	401,598	283,866	206,446	284,881	346,154	455,159	308,114
Europe	126,275	528,486	1,226,954	1,363,694	1,750,497	918,831	948,976	1,254,879	1,370,931	1,329,206
(EU)	(51,514)	(383,589)	(955,974)	(995,489)	(1,484,588)	(792,058)	(802,122)	(1,025,688)	(1,132,535)	(1,155,082)
North America	495,608	1,003,954	2,592,577	3,384,562	2,521,823	1,301,218	1,169,073	1,412,055	1,459,338	1,723,598
(U.S.A.)	(422,464)	(919,949)	(2,407,645)	(3,131,997)	(2,236,988)	(1,228,096)	(1,098,504)	(1,271,095)	(1,313,583)	(1,556,419)
Latin America	79,678	143,509	382,231	290,417	216,375	329,064	279,641	437,848	450,128	277,825
Africa	111,244	217,294	322,329	137,729	129,278	137,718	134,027	174,325	170,836	131,489
Oceania	97,316	251,426	316,865	426,075	344,236	274,828	265,478	310,776	347,194	337,288
Other	233	1,298	1,934	15,810	15,994	6,676	9,626	10,776	10,302	10,302
Total	1,086,776	2,677,612	5,966,961	6,730,472	5,831,212	3,790,809	3,771,718	4,553,202	4,528,875	4,408,943

MOTOR VEHICLE EXPORTS

millions of units



Year	Cars	Chg.(%)	Trucks	Chg.(%)	Buses	Chg.(%)	Total	Chg.(%)
1999	3,757,450	2.0	613,113	-28.4	38,380	-17.7	4,408,943	-9.3
1998	3,684,430	2.9	795,528	-13.5	48,917	-10.4	4,528,875	-0.5
1997	3,579,131	25.1	919,469	13.8	54,602	24.5	4,553,202	22.7
1996	2,860,080	-1.2	807,772	-5.0	43,866	-2.0	3,771,718	-2.1
1995	2,896,216	-13.8	849,859	-17.2	44,734	-39.2	3,790,809	-15.0
1994	3,359,814	-14.1	1,026,878	-0.7	73,600	-0.6	4,460,292	-11.1
1993	3,910,584	-11.3	1,033,063	-12.7	74,009	-1.4	5,017,656	-11.5
1992	4,408,864	-1.0	1,183,686	-5.1	75,096	39.4	5,667,646	-1.5
1991	4,452,233	-0.7	1,247,263	-4.7	53,883	34.8	5,753,379	-1.3
1990	4,482,130	1.8	1,309,121	-9.4	39,961	13.7	5,831,212	-0.9
1985	4,426,762	11.2	2,238,104	8.0	65,606	16.7	6,730,472	10.2
1980	3,947,160	27.2	1,953,685	37.2	66,116	79.4	5,966,961	30.8
1975	1,827,286	5.8	833,672	-4.7	16,654	4.3	2,677,612	2.3
1970	725,586	29.5	351,611	20.9	9,579	41.6	1,086,776	26.7
1965	100,716	50.4	90,923	11.3	2,529	45.8	194,168	29.1
1960	7,013	43.6	31,028	122.3	768	73.8	38,809	24.6
1955	2	100.0	907	33.6	322	4.5	1,231	24.6
1950	7	—	5,409	—	93	—	5,509	—

Note: Percentage figures represent the change from the preceding year.

Motor Vehicles In Use and Cars Per Capita

The number of motor vehicles in use on Japanese roads as of year-end 1999 increased by 0.5% to 71,857,480 units.

The United States remains the overwhelming global leader in the number of vehicles in use, with almost 210 million units, accounting for about one out of three automobiles in use in the world. Japan holds second place, accounting for about one-tenth of the estimated 700 million motor vehicles in use worldwide.

The average age of passenger cars on Japan's roads has been increasing, rising by 0.3 (or one-fourth) of a year as of the end of March 1999 to 5.6 years, its highest age ever. For passenger cars, the average service life lengthened by 0.19 (or about one-sixth) of a year to 9.63 years, another record-setting figure. In terms of passenger cars per capita, Japan stands lower than the United States and Europe, according to 1998 statistics, which show Japan with 395 cars per thousand persons, or one car for every 2.5 persons.

PASSENGER CARS' LIFE IN YEARS (as of March of each year)

Year	Average Age	Average Service Life
1975	3.30	6.72
1980	4.25	8.29
1985	4.57	9.17
1990	4.64	9.26
1995	4.88	9.43
1996	5.04	9.27
1997	5.14	9.28
1998	5.33	9.44
1999	5.60	9.63

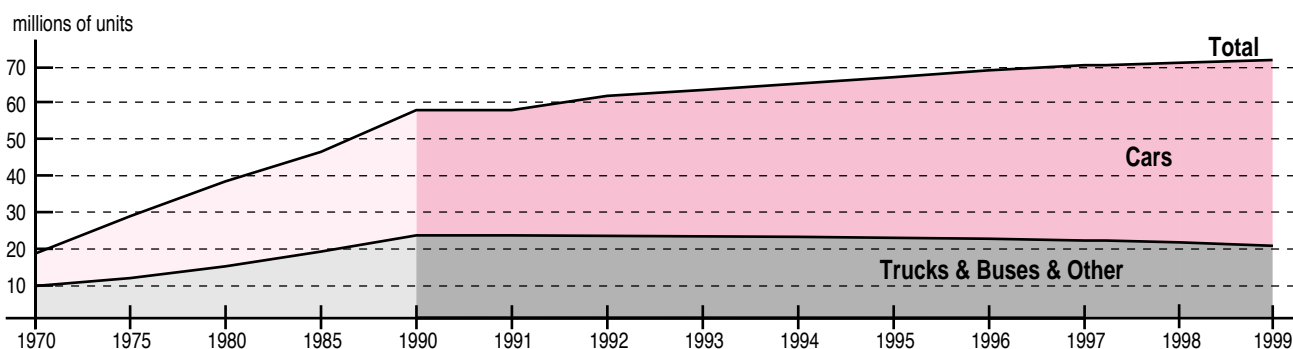
Notes: Average age means the average years elapsed since first registration.
Average service life means average vehicle lifespan.
Source: Japan Automobile Inspection and Registration Association.

PASSENGER CARS PER 1,000 PEOPLE (Persons per car)



Note: Based on 1998 statistics from each country.

MOTOR VEHICLES IN USE (as of the end of each year)



Year	Cars	Trucks	Buses	Other	Total	Chg.(%)
1999	51,164,901	18,763,891	235,676	1,693,012	71,857,480	1.5
1998	49,896,326	19,083,546	237,701	1,600,791	70,818,364	1.2
1997	48,611,230	19,654,917	240,354	1,500,548	70,007,049	1.7
1996	46,868,712	20,092,120	242,243	1,601,444	68,805,073	2.9
1995	44,680,254	20,432,988	243,095	1,500,784	66,857,121	2.8
1994	42,678,566	20,670,360	245,387	1,420,734	65,015,047	2.8
1993	40,772,407	20,884,257	247,794	1,361,722	63,266,180	2.6
1992	38,963,861	21,134,660	248,624	1,314,761	61,661,906	2.9
1991	37,076,065	21,326,629	248,258	1,267,569	59,918,521	3.8
1990	34,924,213	21,324,848	245,668	1,206,996	57,701,725	4.7
1985	27,844,601	17,145,178	231,228	942,377	46,163,384	3.7
1980	23,659,528	13,193,439	230,020	790,911	37,873,898	10.4
1975	17,236,326	10,089,051	226,284	586,895	28,138,556	4.6
1970	8,778,975	8,517,507	187,980	341,315	17,825,777	15.4
1965	2,181,287	4,539,728	102,695	159,259	6,882,969	19.3
1960	457,451	1,589,965	56,192	72,077	2,175,685	24.2
1955	153,924	679,880	34,421	32,572	900,797	8.5
1950	45,006	261,579	18,306	12,494	337,385	—

Note: Percentage figures represent the change from the preceding year.
Source: Ministry of Transport.

Motorcycle Production and Domestic Sales

Domestic demand for motorcycles sank again in 1999 for the third consecutive year of year-on-year decline, attributable largely to weakening demand resulting from the shrinking youth segment of the population and changes in lifestyles, as well as reduced demand for motorcycles used as commercial vehicles because of the economic slowdown and an ongoing shift to larger (i.e., non-two-wheeled) vehicles. Sales plunged by 21.3% to 836,959 units.

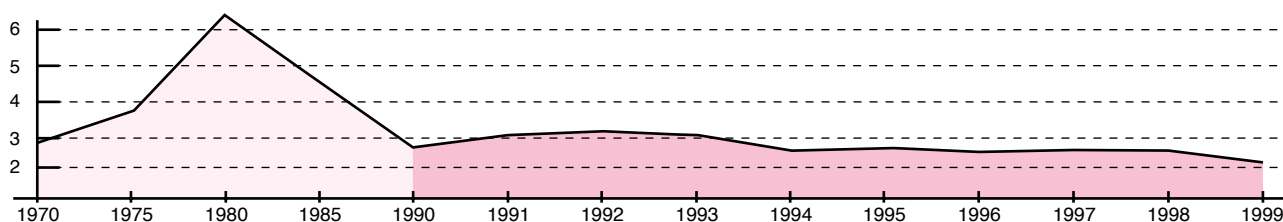
Total domestic production of motorcycles in 1999

fell substantially, dropping by 14.6% to 2,251,711 units. This fall reflected not only weak domestic demand, but also a decrease in exports due to rising production at automakers' overseas facilities.

For over ten years, the number of motorcycles in use in Japan has been sinking in the wake of a prolonged slowdown in the domestic market. As of the end of March 1999, this figure stood at 14,257,853 units, accounting for an estimated one-tenth of the total worldwide and ranking Japan third after India and China.

MOTORCYCLE PRODUCTION

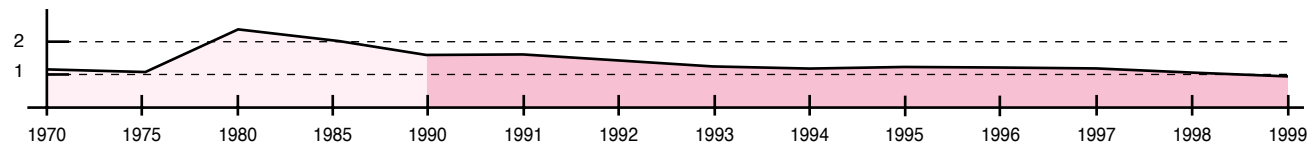
millions of units



Year	50cc & under	Over 50cc			Subtotal	Total	Chg.(%)
		51~125cc	126~250cc	Over 250cc			
1999	679,690	532,909	237,706	801,406	1,572,021	2,251,711	-14.6
1998	839,123	783,646	271,378	742,149	1,797,173	2,636,296	-1.5
1997	933,921	817,284	275,847	648,631	1,741,762	2,675,683	3.5
1996	948,298	828,299	238,045	569,775	1,636,119	2,584,417	-6.1
1995	951,803	1,038,938	217,738	544,760	1,801,436	2,753,239	1.0
1994	874,919	1,062,560	237,386	550,421	1,850,367	2,725,286	-9.9
1993	972,362	1,182,554	231,159	637,079	2,050,792	3,023,154	-5.4
1992	1,180,702	1,053,167	279,707	682,959	2,015,833	3,196,535	5.5
1991	1,340,241	807,397	285,281	595,697	1,688,375	3,028,616	7.9
1990	1,343,220	686,734	270,304	506,637	1,463,675	2,806,895	0.4
1985	2,014,850	1,373,423	469,728	678,346	2,521,497	4,536,347	12.7
1980	2,493,910	2,181,206	660,831	1,098,577	3,940,614	6,434,524	43.8
1975	1,030,822	1,887,701	331,733	552,291	2,771,725	3,802,547	-15.7
1970	895,599	1,407,205	259,145	385,723	2,052,073	2,947,672	14.4

MOTORCYCLE DOMESTIC DEMAND

millions of units



Year	50cc & under	Over 50cc			Subtotal	Total	Chg.(%)
		51~125cc	126~250cc	Over 250cc			
1999	621,276	105,550	51,461	58,672	215,683	836,959	-14.3
1998	744,900	177,092	65,659	75,329	318,080	1,062,980	-10.5
1997	864,395	156,183	84,799	82,861	323,843	1,188,238	-2.6
1996	876,522	171,105	83,982	88,307	346,394	1,219,916	0.6
1995	884,718	138,115	98,833	91,186	328,134	1,212,852	1.6
1994	824,792	156,951	95,926	115,942	368,819	1,193,611	-5.8
1993	853,115	177,929	103,463	119,747	401,139	1,254,254	-13.2
1992	987,260	214,232	128,593	115,365	458,190	1,445,450	-10.5
1991	1,147,741	197,638	151,800	83,320	432,758	1,580,499	-1.1
1990	1,213,512	169,618	158,882	76,921	405,421	1,618,933	-3.0
1985	1,646,115	130,574	173,887	145,674	450,135	2,096,250	3.7
1980	1,978,426	200,238	88,188	103,184	391,610	2,370,036	23.7
1975	778,117	307,276	15,882	28,018	351,176	1,129,293	-3.6
1970	598,165	461,570	61,608	69,586	592,764	1,190,929	-4.9

Note: Percentage figures represent the change from the preceding year.

Motorcycle Exports

After three years of gains, exports of motorcycles experienced a drop of 11.9% in 1999, amounting to only 1,413,138 units.

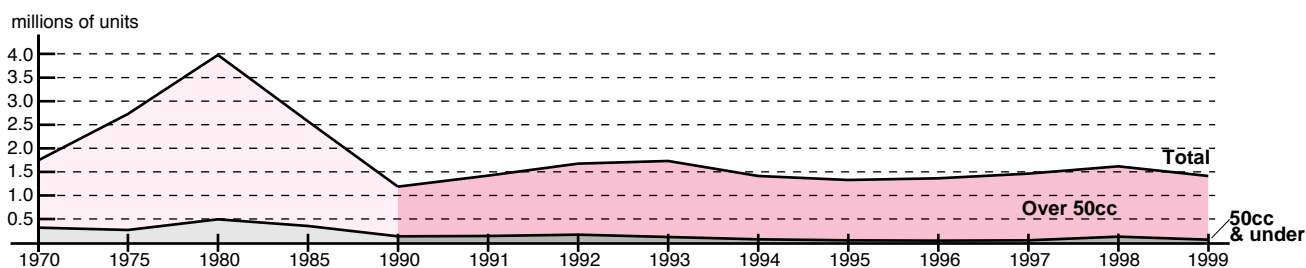
By destination, shipments to North America and Oceania increased by 29.4% and 22.1%, respectively.

Shipments to all other destinations posted declines, with exports to the Middle East and Latin America sinking by around 50%. Since 1996 the European market has been the biggest export destination, accounting in 1999 for about 47.0% of total exports.

EXPORTS BY DESTINATION

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Asia	250,846	299,743	460,619	643,505	504,082	464,979	420,903	326,985	274,578	156,346
Middle East	41,766	113,205	78,099	29,512	25,473	16,131	26,489	46,417	37,125	18,582
Europe	527,040	563,130	535,761	484,742	355,761	340,585	440,674	546,882	690,629	663,667
(EU)	(448,923)	(492,699)	(500,021)	(457,932)	(335,526)	(322,957)	(415,803)	(514,161)	(652,210)	(631,439)
North America	182,933	214,347	270,412	268,620	244,666	267,831	246,259	244,622	291,611	377,423
(U.S.A.)	(167,202)	(202,340)	(255,358)	(253,732)	(229,330)	(251,880)	(227,022)	(227,461)	(266,903)	(337,203)
Latin America	92,001	128,817	241,528	223,677	219,985	178,175	157,535	218,131	220,855	101,309
Africa	52,721	55,230	51,466	36,924	25,027	26,329	34,398	34,929	41,855	38,306
Oceania	36,437	36,330	30,752	32,730	32,862	31,680	31,077	41,742	47,100	57,505
Total	1,183,744	1,410,802	1,668,637	1,719,710	1,407,856	1,325,710	1,357,335	1,459,708	1,603,753	1,413,138

MOTORCYCLE EXPORTS



Year	50cc & under	Over 50cc			Subtotal	Total	Chg.(%)
		51~125cc	126~250cc	Over 250cc			
1999	89,547	422,876	177,399	723,316	1,323,591	1,413,138	-11.9
1998	114,853	616,213	206,751	665,936	1,488,900	1,603,753	9.9
1997	75,513	649,825	187,981	546,389	1,384,195	1,459,708	7.5
1996	55,016	666,593	154,103	481,623	1,302,319	1,357,335	2.4
1995	61,627	691,433	129,961	442,689	1,264,083	1,325,710	-5.8
1994	88,002	741,486	132,850	445,518	1,319,854	1,407,856	-18.1
1993	138,690	925,447	136,325	519,248	1,581,020	1,719,710	3.1
1992	188,885	788,404	153,631	537,717	1,479,752	1,668,637	18.3
1991	155,461	603,471	134,915	516,955	1,255,341	1,410,802	19.2
1990	147,301	507,840	117,222	411,381	1,036,443	1,183,744	7.3
1985	369,167	1,350,412	296,865	525,038	2,172,315	2,541,482	19.7
1980	501,027	1,907,481	548,306	972,226	3,428,013	3,929,040	44.0
1975	288,974	1,546,170	328,313	527,344	2,401,827	2,690,801	-17.0
1970	326,815	914,325	187,185	309,277	1,410,787	1,737,602	33.8

Note: Percentage figures represent the change from the preceding year.

North American Manufacturing Operations

In 1982 Honda initiated Japanese local production in the United States and today, eighteen years later, there are seven Japanese automakers with an established presence in the American market. Collectively, they now have nine U.S. manufacturing operations in which they have invested a total of \$16.1 billion in infrastructure and equipment. Taken together, these installations constitute the Japanese industry's largest offshore presence in a single country. In Canada the automakers are operating three production plants, including one joint venture with GM.

Because the U.S. automobile market remained robust in 1999, total production at Japanese automakers' American manufacturing plants rose during the year by 1.9% to 2,426,583 units. In the same period, Japanese-affiliated manufacturers decreased their production supplied to the Big Three automakers by 14.6%, with the total falling to 90,376 units. As a result, approximately 65% of Japanese-badged vehicles sold in the United States in 1999 were American-made.

The operations of Japanese automakers not only create employment, amounting in the United States to 307,000 jobs (including jobs at distributors), but also contribute very significantly to the continuing growth in vehicle exports from the U.S. Honda was in fact the U.S.'s largest exporter of passenger cars in 1999 (excluding vehicles exported to Canada), and Japanese-badged car exports accounted overall for about half of total U.S. car exports for the year. Japanese automakers also purchased \$28.31 billion worth of U.S.-made parts in fiscal year 1998 (ending March 31, 1999).

Japan's automakers are further expanding their procurement of the world's best parts and materials as part of their efforts to strengthen competitiveness. In North America, they are

collaborating closely with the American and Canadian auto parts industries. At the same time, their technological assistance and other cooperative initiatives are contributing to greater competitiveness, as exemplified in the higher productivity and quality levels among local suppliers. In addition, North American parts makers are enjoying more business opportunities owing to the increased local production of major components such as engines and transmissions, which further boosts local content.

Local R&D is also being reinforced through the process known as "design-in" development, in which suppliers get involved from the early stages of vehicle development. This process enables more local vehicle development and facilitates closer collaboration with local suppliers. The nine U.S. R&D subsidiaries of Japanese automakers currently maintain 28 U.S. R&D centers, which provide jobs to 2,644 Americans in total.

Complementing such company-to-company initiatives, JAMA pursues a wide range of constructive activities intended to underpin mutual cooperation and awareness. Specifically, JAMA holds regular gatherings with the U.S. Motor and Equipment Manufacturers Association (MEMA), including meetings of the JAMA/MEMA Liaison Committee and the One-on-One business meetings.

Japanese automakers also participate directly in international cooperative initiatives at the industry level, which JAMA has long played a leading role in promoting. At the present time, for example, JAMA, North America's Alliance of Automobile Manufacturers (AAM) and the European Automobile Manufacturers Association (ACEA) are working together closely in the area of standards and certification harmonization.

JAPANESE AUTOMAKERS' NORTH AMERICAN R&D CENTERS

Name of Company	Headquarters, Division Offices	Current Employees	Current Functions (Planned)
Honda R&D Americas, Inc.	Torrance, CA, Raymond & East Liberty, OH, Denver, CO, Mojave Desert, CA	1,000	1,2,3,4,5,6,7
Isuzu Motors America, Inc.	Los Angeles, CA, Detroit, MI	192	1,2,3
Mazda North American Operations, Inc.	Irvine, CA, Flat Rock, MI, Ann Arbor, MI	103	1,2,3,4,(5),(6),7
Mitsubishi Motors R&D of America, Inc.	Bloomington-Normal, IL, Ann Arbor, MI, Cypress, CA, Bridgeport, NJ, Washington, D.C., New York, NY	113	1,2,3,4,5,6,7
Nissan Design International, Inc.	San Diego, CA	50	4
Nissan Technical Center North America, Inc.	Farmington Hills, MI, Cambridge, MA, Los Angeles, CA, Stanfield, AZ, Smyrna, TN, Sheffield Village, OH, Washington, D.C.	500	1,2,3,5,6,7
Subaru R&D, Inc.	Garden Grove, CA	40	1,3,4,6
Toyota Technical Center U.S.A., Inc.	Ann Arbor, MI (with offices in California and Arizona)	595	1,2,3
Calty Design Research, Inc. (Toyota)	Newport Beach, CA	51	4

Key to Functions

- 1) Technical support for procurement of parts for local production
- 2) Evaluation of parts
- 3) Evaluation of vehicles
- 4) Styling & general design
- 5) Parts design
- 6) Vehicle design
- 7) Prototype production

JAPANESE AUTOMAKERS' NORTH AMERICAN MANUFACTURING OPERATIONS

United States

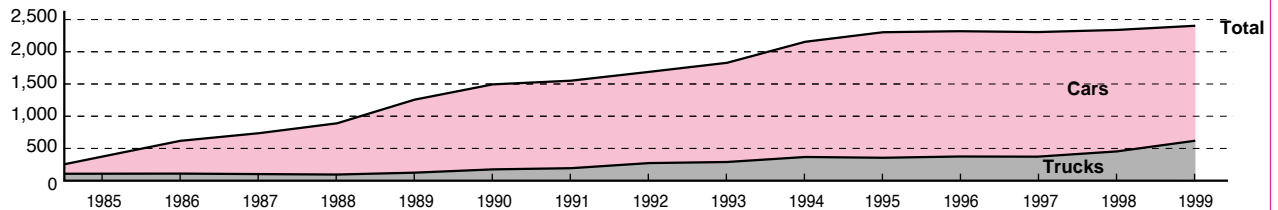
Name of Company	Location (Status)	Products	Start-Up	Employees	Total Investment (\$million)
Honda of America Manufacturing, Inc.	Marysville, East Liberty, Anna, Ohio (Sole Entry)	Accord, Civic, Acura CL, Acura TL Engines	Nov. 1982	13,000	\$3,800
Nissan Motor Manufacturing Corp. USA	Smyrna, Tennessee (Sole Entry)	Altima, Xterra, Frontier Engines & Transmissions	Jun. 1983	5,800	\$1,430
AutoAlliance International, Inc. (Mazda)	Flat Rock, Michigan (Joint Venture: Ford)	Mazda: 626 Ford: Cougar	Sep. 1987	3,250	\$1,233
Mitsubishi Motor Manufacturing of America, Inc.	Bloomington-Normal, Illinois (Sole Entry)	Mitsubishi: Eclipse, Galant Chrysler: Avenger, Sebring	Sep. 1988	3,100	\$1,040
New United Motor Mfg., Inc. (Toyota)	Fremont, California (Joint Venture: General Motors)	Toyota: Corolla & Tacoma GM: Chevrolet	Dec. 1984	4,758	\$974
Toyota Motor Mfg. Kentucky, Inc.	Georgetown, Kentucky (Sole Entry)	Camry, Avalon, Sienna, Engines	May 1988	7,734	\$4,882
Subaru-Isuzu Automotive, Inc.	Lafayette, Indiana (Joint Venture)	Fuji: Legacy Isuzu: Rodeo, Amigo & Honda Passport	Sep. 1989	3,200	\$760
Toyota Manufacturing Indiana, Inc.	Princeton, Indiana (Sole Entry)	Tundra	Dec. 1998	1,990	\$1,176
Toyota Motor Manufacturing West Virginia, Inc.	Buffalo, West Virginia (Sole Entry)	Engines	Dec. 1998	538	\$584

Canada

Honda Canada Inc.	Alliston, Ontario (Sole Entry)	Civic, Acura EL, Odyssey	Nov. 1986	4,000	C\$1,100
Toyota Motor Mfg., Canada Inc.	Cambridge, Ontario (Sole Entry)	Corolla, Camry, Solara	Nov. 1988	2,540	C\$1,923
CAMI Automotive Inc. (Suzuki)	Ingersoll, Ontario (Joint Venture: GM Canada)	Cultus, Escudo	Apr. 1989	2,400	C\$615

PRODUCTION AT U.S. MANUFACTURING OPERATIONS

thousands of units



		1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Cars	Honda	145,337	238,159	324,064	366,355	362,351	435,437	451,197	458,251	403,775	498,710	552,995	634,374	648,268	694,703	685,900
	Nissan	43,810	65,147	117,334	109,897	115,584	95,844	133,504	171,402	293,182	312,654	333,234	277,869	279,510	222,733	167,742
	*NUMMI	64,610	191,549	143,652	129,978	192,235	205,287	206,634	180,960	207,025	229,327	228,920	224,422	209,879	203,464	209,866
	*Toyota	—	14,264	43,726	18,527	151,150	218,195	187,708	240,382	234,060	275,678	381,445	385,657	404,973	380,730	356,840
	*AutoAlliance	—	—	4,200	167,205	216,200	184,428	165,314	168,859	219,096	247,004	149,562	129,441	100,394	167,268	165,102
	*Mitsubishi	—	—	—	2,409	90,741	148,379	153,936	139,783	136,022	169,829	218,161	192,961	189,086	157,139	159,702
	SIA	—	—	—	—	2,600	32,461	57,945	57,623	47,117	54,002	80,660	98,747	102,180	104,229	93,070
	Subtotal	253,757	509,101	632,976	794,456	1,132,701	1,320,031	1,357,903	1,417,260	1,540,277	1,787,204	1,944,977	1,943,471	1,934,290	1,930,266	1,838,222
Trucks	Nissan	107,422	108,048	102,718	95,919	123,056	139,404	131,519	128,924	93,791	131,954	132,552	136,162	118,798	86,104	156,903
	NUMMI	—	—	—	—	—	—	2,535	75,271	114,403	133,713	123,755	141,047	147,930	158,395	155,479
	SIA	—	—	—	—	—	34,499	58,352	66,397	79,441	99,881	99,514	96,124	84,711	111,969	99,130
	Toyota	—	—	—	—	—	—	—	—	—	—	—	—	26,838	95,473	176,849
	Subtotal	107,422	108,048	102,718	95,919	123,056	173,903	192,406	270,592	287,635	365,548	355,821	373,333	378,277	451,941	588,361
	Total	361,170	617,149	735,694	890,290	1,253,236	1,493,934	1,548,667	1,687,852	1,827,912	2,152,752	2,300,798	2,316,804	2,312,567	2,382,207	2,426,583

Source: Ward's Automotive Reports.

European Manufacturing Operations

Japanese automakers currently run affiliated plants at five locations in continental Europe—in Spain, the Netherlands, Portugal, and Hungary—as well as at three locations in the U.K. The number of vehicles manufactured at these plants has reached 900,000 units annually, and localization proceeds at a steady pace. European manufacturing operations already provide employment for a total of 27,800 Europeans and this figure will increase with expansions in production capacity at some U.K. plants and with Toyota launching production in northern France in 2001.

Contributing to the separate, distinct character of their European operations, Japanese automakers maintain a total of eight R&D and technical centers in Europe, providing jobs for 993 European technical personnel and other workers. The main objective of these R&D operations is to facilitate steady increases in local content levels. However, they also provide support for market research, product planning and technical assistance and exchange.

Japanese automakers purchased \$5.78 billion worth of European-made parts in fiscal year 1998 (ending March 31, 1999). As a direct result of the efforts of European R&D centers, about 200 European suppliers are already supplying parts to Nissan U.K. Similarly, Toyota is being supplied by about 160 local firms and Honda by about 250. Local content has thus exceeded 80%. European R&D centers perform crucial tasks such as evaluating potential local suppliers and providing technological assistance to those suppliers selected, as well as overseeing compliance with local regulations.

Japanese automakers also make energetic efforts at the industry level to reinforce local parts manufacturing and procurement in Europe. For example, JAMA has been working together with the Comité de Liaison de la Construction d'Equipements et de Pièces d'Automobiles (CLEPA) since 1995, holding business conferences centered on one-on-one company-to-company business meetings. The fifth JAMA-CLEPA Business Conference will be held in November 2000, in Strasbourg, France.

JAMA cooperates too with the Industry Forum, a project initiated by the U.K.'s Department of Trade and Industry and the Society of Motor Manufacturers and Traders (SMMT) to sponsor a Master Engineers program. Under this program, the three Japanese automakers that manufacture in the U.K.—Toyota, Nissan, and Honda—have been sending outstanding engineers to Britain for about four years. The engineers provide on-site *kaizen* training for a period of two years, aiming to develop master engineering skills at the U.K. suppliers in an effort to enhance the competitiveness of the British auto parts industry.

Despite an overall slowdown in the U.K. market in 1999, total market share for Toyota, Nissan and Honda increased to 29%, a 4% rise over the preceding year.

One distinctive feature of Japanese automakers' local production in Europe is their high proportion of exports. For example, Nissan commenced exporting from the U.K. in 1988 with only 1,080 export units; but by 1999, this figure had risen to 271,417 units, representing a 24.4% increase over the previous year.

JAPANESE AUTOMAKERS' EUROPEAN R&D CENTERS

Name of Company	Headquarters, Division Offices	Current Employees	Current Functions
Honda R&D Europe G.m.b.H.	Offenbach, Germany, <i>Swindon, UK</i>	110	1,2,3,4,6,7
Mazda Europe R&D Representative Office	Oberursel, Germany	71	3,4,7
Mitsubishi Motors R&D Europe G.m.b.H.	Trebur, Germany	75	1,3,4,6
Nissan Design Europe G.m.b.H	Geretsried, Germany	10	4
Nissan Technical Centre Europe (Brussels) S.A.	Brussels, Belgium	70	2,3
Nissan Technical Centre Europe Ltd.	Cranfield, UK	360	1,2,3,4,5,6,7
Nissan Technical Centre Europe (Spain) S.A.	Barcelona, Spain	200	1,2,3,4,5,6,7
N.V. Toyota Motor Europe Marketing & Engineering S.A. (Technical Div./Design Div.)	Zaventem, Brabant, Belgium	140 in Technical Div. and Design Div.	1,2,3,4

Key to Functions

- 1) Technical support for procurement of parts for local production
- 2) Evaluation of parts
- 3) Evaluation of vehicles
- 4) Styling & general design
- 5) Parts design
- 6) Vehicle design
- 7) Prototype production

JAPANESE AUTOMAKERS' EUROPEAN MANUFACTURING OPERATIONS

United Kingdom

Name of Company	Location (Status)	Products	Start-Up	Employees	Total Investment (million)
Nissan Motor Manufacturing (UK) Limited	Sunderland (Sole Entry)	Primera, Primera Estate, Almera Micra	Jul. 1986	4,400	£1,500
Honda of the UK Mfg., Limited	Swindon (Sole Entry)	Accord, Civic, Engines	Jul. 1989	3,000	£700
Toyota Motor Mfg. (UK) Limited	Burnaston, Derbyshire (Sole Entry) Deeside (Sole Entry)	Avensis, Engines	Sep. 1992	3,104	£1,500

Spain

Santana-Motor, S.A. (Suzuki)	Linares (Technical Support)	Jimny, Escudo	Mar. 1985	1,700	N.A.
Nissan Motor Ibérica, S.A.	Barcelona (Sole Entry)	Patrol, Terrano II, Vannette, Serena, Trade, Trucks, Parts, Engines & Transmissions	Jan. 1983	3,900	N.A.

Portugal

Salvador Caetano I.M.V.T., S.A. (Toyota)	Ovar (Joint Venture: Salvador Caetano)	Dyna, Hiace, Optimo	Nov. 1968	436	N.A.
Mitsubishi Trucks Europe-Sociedade Europeia de Automoveis, S.A.	Tramagal	Canter	Mar. 1996	402	N.A.

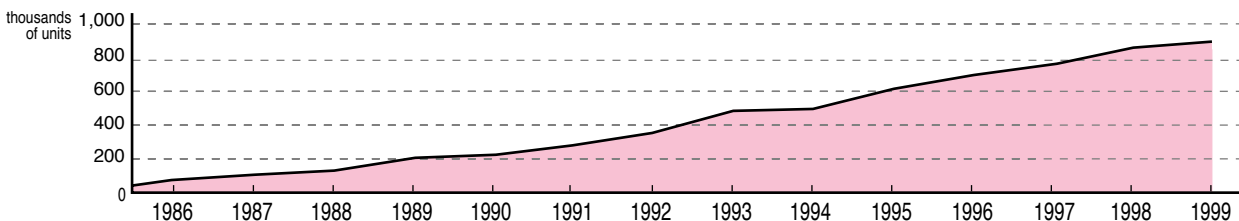
The Netherlands

Netherlands Car B.V. (Mitsubishi)	Born, Linburg (Joint Venture)	Mitsubishi: Carisma, Space Star Volvo: S40, V40	May 1995	6,440	N.A.
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Hungary

Magyar Suzuki Corporation	Esztergom (Joint Venture)	Cultus, Subaru Justy	Oct. 1992	1,400	N.A.
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EUROPEAN PRODUCTION BY JAPANESE AUTOMAKERS



		1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
UK	Honda	—	6,658	5,044	3,630	26,454	35,952	33,445	50,545	51,531	93,283	105,810	108,097	112,089	114,479
	Nissan	—	—	56,541	77,282	76,190	124,666	179,009	246,281	204,944	215,346	231,627	271,666	288,818	271,157
	Toyota	—	—	—	—	—	—	—	37,314	85,467	88,440	116,973	104,615	172,342	178,660
	Subtotal	—	6,658	61,585	80,912	102,644	160,618	212,454	334,140	341,942	397,069	454,410	484,378	573,249	564,296
Germany	*Toyota	—	—	—	—	4,105	6,019	6,780	4,854	3,009	3,509	3,994	524	0	0
Spain	Nissan	46,419	53,525	26,888	85,879	79,662	70,992	76,676	82,036	101,172	117,324	107,332	101,780	97,032	96,338
	Suzuki	17,514	23,158	22,362	18,383	21,203	25,505	32,511	30,476	14,668	25,843	29,726	32,133	32,862	34,355
	Subtotal	63,933	76,683	49,250	104,262	100,865	96,497	109,187	112,512	115,840	143,167	137,058	133,913	129,894	130,693
Portugal	Toyota	7,694	12,706	13,684	12,545	10,528	12,033	13,801	10,888	8,808	6,251	5,475	6,364	6,440	6,020
	Mitsubishi	2,276	4,747	5,807	5,496	5,022	7,111	9,074	8,577	6,920	7,176	5,562	7,265	9,503	10,736
	Isuzu	—	—	—	—	—	—	—	1,773	1,209	1,031	—	—	—	—
	Subtotal	9,970	17,453	19,491	18,041	15,550	19,144	22,875	19,465	15,728	13,427	11,037	13,629	15,943	16,756
Netherlands	Mitsubishi	—	—	—	—	—	—	—	—	—	20,879	44,491	81,698	91,936	110,446
Hungary	Suzuki	—	—	—	—	—	—	996	13,151	19,412	36,473	51,778	63,540	66,305	72,000
Total		73,903	100,794	130,326	203,215	223,164	282,278	352,292	484,122	495,931	614,524	702,768	777,682	877,327	894,191

Note: *The joint production agreement with VW was terminated in February 1997.
Source: Automobile industry associations from each country.

Asian Manufacturing Operations

More than thirty years have passed since Japanese automakers began production operations in Asian countries. Local production in Asia has steadily expanded since then.

While Japanese automakers are accelerating the pace of their localization activities in Asia, they are also making comprehensive efforts to contribute to regional economies. They have already invested millions of dollars and provided employment for around 50,000 people in sales and production throughout the region. In addition, they are transferring technological expertise through joint ventures, technical agreements and the training of local personnel, as well as providing crucial support for peripheral industries such as metals and electronics.

Japanese automakers continue to increase the number of model lines made in Asia and parts exports from the region in an effort to maintain the operating rate at local plants, so as to offset the slump in internal demand that Asia has experienced in the wake of its financial crisis of 1997.

Japanese automakers were enthusiastic supporters of the BBC (Brand-to-Brand Complementation) program launched by ASEAN more than a decade ago. As a result, Toyota's production of vehicles for ASEAN's domestic markets, for example, concentrated the production of steering gears in

Malaysia, gasoline engines in Indonesia, transmissions in the Philippines, and diesel engines in Thailand.

Alert to the wave of trade and investment liberalization sweeping over the world, the ASEAN region is trying to strengthen its economic power through the formation of AFTA (the ASEAN Free Trade Area). AFTA's goal is to achieve trade liberalization within the ASEAN region through, for example, the implementation of CEPT (Common Effective Preferential Tariff), a tariff-reduction schedule calling for 0-5% tariff cuts within the region, and the AICO (ASEAN Industrial Cooperation) scheme which seeks to bring trade liberalization to the region as soon as possible.

Japanese automakers endorse AICO. Like the BBC program it superseded, the AICO scheme is designed to facilitate cooperative industrial production in the region but covers a much broader range of manufacturing than BBC, which was limited to automobiles.

Important steps taken by JAMA to help promote the growth of the auto-supporting industries within ASEAN include its sponsorship of the Conference on ASEAN Auto-Supporting Industries together with the ASEAN Automotive Federation (AAF) and the Japan Auto Parts Industries Association (JAPIA).

JAPANESE AUTOMAKERS' ASIAN MANUFACTURING OPERATIONS

	Daihatsu	Fuji Hvy. Ind.	Hino	Honda	Isuzu	Mazda	Mitsubishi	Nissan	Nissan Diesel	Suzuki	Toyota
Bangladesh			CVs		CVs		CVs				CVs
China	Cars & CVs	Cars	CVs	Cars	CVs	Cars & CVs	CVs	CVs	CVs	Cars & CVs	CVs
India				Cars		CVs	CVs			Cars & CVs	CVs
Indonesia	Cars & CVs		CVs	Cars	CVs	Cars & CVs	Cars & CVs	Cars & CVs	CVs	Cars & CVs	Cars & CVs
Malaysia	Cars & CVs		CVs	Cars	CVs	Cars & CVs	Cars & CVs	Cars & CVs	CVs	Cars & CVs	Cars & CVs
Myanmar										Cars & CVs	
Pakistan	Cars		CVs	Cars	CVs	CVs		Cars	CVs	Cars & CVs	Cars & CVs
Philippines	Cars & CVs		CVs	Cars	CVs	Cars & CVs	Cars & CVs	Cars & CVs	CVs	Cars & CVs	Cars & CVs
S. Korea	CVs						Cars & CVs			Cars & CVs	
Taiwan		Cars	CVs	Cars	CVs	Cars & CVs	Cars & CVs	Cars & CVs		Cars & CVs	Cars & CVs
Thailand	Cars & CVs		CVs	Cars	CVs	Cars & CVs	Cars & CVs	Cars & CVs	CVs	Cars & CVs	Cars & CVs
Vietnam	CVs		CVs		CVs	Cars & CVs	Cars & CVs			CVs	Cars & CVs
Turkey			CVs	Cars	CVs		CVs				Cars

Notes: Includes assembly operations.
CVs = Commercial vehicles.

International Automotive Industry Ties

Japanese auto manufacturers are welcoming cooperative ties at an accelerating pace and on a worldwide scale as they globalize their business operations and seek to use business resources more efficiently.

Most notably, Isuzu accepted a 49% equity stake by GM in September 1998 and Fuji Heavy Industries Ltd. a 20% equity stake by GM in December 1999. In March 1999, Nissan Motor Co., Ltd. and Nissan Diesel Motor Co., Ltd. accepted 36.8% and 22.5% equity stakes, respectively, by Renault of France. Also, Mitsubishi Motors Corporation concluded an equity tie-up with Volvo in October 1999.

As the market matures, the demand for passenger cars is becoming more and more diversified. At the same time, development costs for new models are rising as automakers attempt to accommodate the changes in demand. Reducing product development time has also become necessary. To cut development costs and launch models quickly into waiting markets, automakers are engaging in a wide range of strategic alliances that include capital and technological tie-ups, joint and subcontracted development, joint and subcontracted production, supplemental sales networks and the supply of finished vehicles.

Daihatsu

Europe

- Joint venture with Piaggio V.E.S.p.A. to sell Piaggio-produced *Hijet* pickups and vans.

Asia

- Technological cooperation with Kia Motors of Korea for the production of *Hijet* pickups and vans.
- Technological agreements with Tianjin Automotive Industry (Group) Co., Ltd. and Liushou Wuling Mini Auto Factory in China. Daihatsu also supplies components to both firms.
- Joint venture with Perodua Manufacturing Sdn.Bhd. (Malaysia) to produce the *Kancil* and *Rusa* models.
- A 40% equity stake in P.T. Astra Daihatsu Motor (Indonesia).

Fuji Heavy Industries

North America

- A 51% equity stake in Subaru-Isuzu Automotive, Inc.
- GM holds a 20% equity stake in the firm.

Europe

- Sales of Volvo cars in Japan.
- Supply of CBUs from Magyar Suzuki (Hungary).
- Supply of transmissions to Fiat of Italy.
- Sales of Porsche cars in Japan.

Asia

- A 45% equity stake in Ta China Motor Co., Ltd. (Taiwan).
- A 25% equity stake in a joint venture for the production of auto parts with Auto Works of China Guizhou Aviation Industry Corporation (China).

Hino

Asia

- A 17.8% equity stake in Kouzui Motors Ltd. (Taiwan).
- A 12.5% equity stake in Longri Bus Co., Ltd. (China).
- Hino is also participating in a technology tie-up with Kia Motors (Korea).

Honda

North America

- Whole ownership of American Honda Motor Co., Inc.
- Agreement to supply engines to GM.

Europe

- Technology tie-up with the Rover Group (UK).
- Whole ownership of Honda Motor Europe Ltd., which holds a 75.23% equity stake in Honda of the UK Mfg., Ltd. The latter firm is also in an agreement with the Rover Group for the mutual supply of engines and press parts.
- A 24.77% equity stake in Honda of the UK Mfg. Ltd.

Asia

- Technology tie-up with Daewoo Motor (Korea).
- Technology tie-up with San Yan Industry Co., Ltd. (Taiwan), in which American Honda Motor, Inc. holds a 13.5% equity stake.
- A 50% equity stake in Guangzhou Auto Group Corporation (China).
- A 50%-50% equity stake in Dongfeng Honda Engine Co., Ltd. with Dongfeng Motor Corporation (China).

International Automotive Industry Ties (Cont'd.)

Isuzu

- North America*
 - Whole ownership of Isuzu Motors America, Inc.
 - Supply of MPV components to IBC Vehicles Ltd., wholly-owned by GM.
 - GM also holds a 49.0% equity stake in Isuzu which supplies GM with transaxles for the production of CVs in the US.
 - Isuzu Motors America, Inc. produces CVs and diesel engines jointly with GM.
 - Isuzu holds a 49% equity stake in Subaru-Isuzu Automotive, Inc. and provides the firm with MPV components.
 - Isuzu Motors America, Inc. supplies American Honda Motor Co., Inc. with MPVs.
 - Honda also supplies Isuzu with passenger cars.
- Europe*
 - A 100% equity stake in Isuzu Motors Polska (Poland).
 - Supply of diesel engines and SUVs to GM Europe.
 - Mutual supply of components with Magyar Suzuki (Hungary).
- Asia*
 - A 47.9% equity stake in Isuzu Motors Co. (Thailand), Ltd. (Thailand).
 - A 0.5% equity stake in Tri-Petch Isuzu (Thailand), which is in a mutual-supply agreement for pickups and passenger cars with Honda Thailand.
 - An equity stake of 7.4% in Qingling Automobile (Group) Co., Ltd. (China).
 - Equity of 12.5% in Jiangling Motors Co., Ltd. (China).
 - A 51% equity stake in Taiwan Isuzu Motors Co., Ltd. (Taiwan).

Mazda

- North America*
 - Supply of components to Ford US.
 - Supply of finished vehicles and components to Ford in the Asia-Pacific region.
 - Supply of finished commercial vehicles to Ford Motor in North America.
 - A 50%-50% equity stake in AutoAlliance International, Inc. with Ford Motor.
 - Ford Motor holds a 33.4% equity stake in the company.
- Asia*
 - A 45% equity stake in AutoAlliance (Thailand) Co., Ltd.
 - Supply of components to Ford Lio Ho Motor Co., Ltd. (Taiwan).
 - A 17.5% equity stake in Hainan Mazda Motor Co., Ltd. (China).
 - Supply of technology to Fuzhou Automobile Works (China).

Mitsubishi Motors

- North America*
 - A 97.1% equity stake in Mitsubishi Motor Manufacturing of America, Inc., which supplies DaimlerChrysler with CBUs.
 - Agreement to supply DaimlerChrysler with engines.
- Europe*
 - Supply of GDI engine technology to Peugeot S.A. (France).
 - Production of Mitsubishi SUVs by Pininfarina (Italy).
 - Sales of DaimlerChrysler's Mercedes Benz cars in Japan.
 - A 99% equity stake held by Mitsubishi Europe in Mitsubishi Trucks Europe (Portugal), which also supplies trucks to Volvo Trucks of Sweden.
 - Supply of GDI engines to Ned Car B.V. (Netherlands), a 50-50 joint venture with Volvo. Ned Car also supplies Volvo with CBUs.
 - A cooperative agreement for the development, production, and sales of trucks with Volvo Trucks, which has a 5% equity stake in Mitsubishi Motors.
- Asia*
 - A 1.8% equity stake in Hyundai Motor (Korea).
 - An equity stake of 8.0% in PROTON (Malaysia).
 - Equity of 46.23% in MMC Sittipol (Thailand).
 - An equity stake of 25% in Vina Star Motors Corporation (Vietnam).
 - A 14.6% equity stake in China Motor Co., Ltd. (Taiwan).
 - A 20% equity stake in Hunan Changfeng Automobile Manufacturing Plant (China).

Nissan

- North America* ● Nissan is developing MPVs for production by Ford.
- Europe* ● Renault of France holds a 36.8% equity stake in the company.
- Asia*
 - A 35% equity stake in Thai Automotive Industry (Thailand).
 - A 25% equity stake in Siam Nissan (Thailand).
 - A 25% equity stake in Siam Motors and Nissan (Thailand).
 - A 30% equity stake in Siam Nissan Casting Co., Ltd. (Thailand).
 - A 25% equity stake in Siam Metal Technology Co., Ltd. (Thailand).
 - A 27.8% equity stake in SNN Tools & Dies Co., Ltd. (Thailand).
 - A 35% equity stake in P.T. Ismac Manufacturing (Indonesia).
 - A 23% equity stake in Nissan Motor Philippines (Philippines).
 - A 5% equity stake in Zhengzhou Nissan Automobile (China).
 - A 25% equity stake in Yulon Loone Motor Co., Ltd. (Taiwan).

Nissan Diesel

- Europe* ● Renault holds a 22.5% equity stake in the company.
- Asia*
 - Technology tie-up with Samsung CV (Korea).
 - Joint venture for the production of large trucks and buses with Dongfeng Motor Group (China).

Suzuki

- North America*
 - Suzuki holds a 50% equity stake in CAMI Automotive Inc. (Canada).
 - It is also participating in the joint development of subcompact cars with GM, which holds a 10% equity stake in Suzuki.
- Europe*
 - Suzuki holds a 88.83% equity stake in Magyar Suzuki (Hungary), a producer of compact four-wheeled vehicles.
 - Magyar Suzuki is also in a mutual-supply-of-components agreement with GM Europe.
 - Peugeot S.A. of France provides engines to Suzuki.
- Asia*
 - The company is participating in technology tie-ups with Prince Motors Co., Ltd. (Taiwan),
 - Daewoo Motor (Korea) and
 - Ford Lio Ho Motor Co., Ltd. (China).
 - It holds a 50% equity stake in Maruti Udyog (India),
 - A 35% stake in Indomobile Suzuki (Indonesia),
 - A 44% stake in Vietnam Suzuki Corp. (Vietnam),
 - A 39% stake in Jiangxi Changhe Suzuki Automobile Co., Ltd. (China) and
 - A 35% equity stake in Chongqing Changan Suzuki Automobile Co., Ltd. (China).

Toyota

- North America* ● A 50%-50% equity stake with General Motors in New United Motor Manufacturing, Inc. (NUMMI). GM also supplies CBUs to Toyota in Japan.
- Europe* ● Toyota is currently in an agreement with Volkswagen A.G. (Germany) to market VW cars in Japan.
- Asia*
 - Toyota has a 46.6% equity stake in Kouzui Motors Ltd. (Taiwan).
 - In China, Toyota holds a 45% equity stake in Sichuan Toyota Motor Co., Ltd.,
 - A 50% equity stake in the joint venture Tianjin Toyota Motor Engine Co., Ltd. for the production of engines and engine parts,
 - A 90% equity stake in Tianjin Fengjin Auto Parts Co., Ltd., a joint venture for the production of auto parts, and
 - A 30% stake in the joint venture Tianjin Jinfeng Auto Parts Co., Ltd., also for the production of auto parts.

Motor Vehicle Classification

Japan classifies motor vehicles in various categories according to the provisions of two basic laws: the Road Vehicles Act and the Road Traffic Act.

The Road Vehicles Act divides passenger cars into three categories and motorcycles into four categories on the basis of vehicle dimensions and engine displacement. The classifications of the Road Vehicles Act are used for registration statistics as well as inspections and related maintenance and repair purposes. When a vehicle exceeds any of the specifications listed in a given category under the

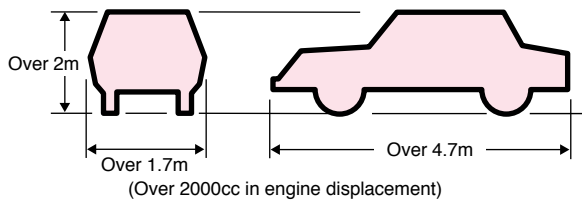
Road Vehicles Act, the vehicle is automatically placed in the model category immediately above.

The Road Traffic Act, which divides vehicles and motorcycles into two categories each, determines the classification of drivers' licenses.

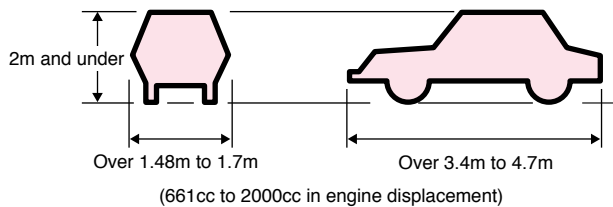
Recreational vehicles (RVs) that are built on passenger car chassis are classified as passenger cars, while RVs that are built on truck chassis are classified as commercial vehicles. (These vehicles are also referred to as sport-utility vehicles, or SUVs.)

CLASSIFICATION BY THE ROAD VEHICLES ACT

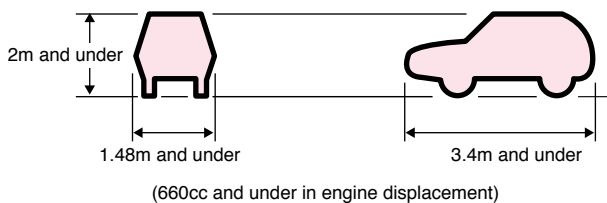
Standard



Small



Mini



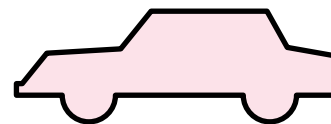
CLASSIFICATION BY THE ROAD TRAFFIC ACT

Large Motor Vehicles



Gross vehicle weight 8 tons or more
Maximum payload 5 tons or more
or Occupants 11 persons or more

Ordinary Motor Vehicles



Gross vehicle weight less than 8 tons
Maximum payload less than 5 tons
or Occupants less than 11 persons

CLASSIFICATION OF MOTORCYCLES

Road Vehicles Act						Road Traffic Act		
Type		Engine Displacement	Width	Height	Length	Type	Engine Displacement	
Motorcycles	Small-sized	Over 250cc	Over 1.3m	Over 2.0m	Over 2.5m	Motorcycles	Large	Over 400cc
	Mini-sized	126cc to 250cc	1.3m and under	2.0m and under	2.5m and under		Standard	51cc to 400cc
Mopeds	Class 2	51cc to 125cc	1.3m and under	2.0m and under	2.5m and under	Mopeds	50cc and under	
	Class 1	50cc and under	1.3m and under	2.0m and under	2.5m and under			

Note: A motorcycle that exceeds any one of the requisites for a category is classified in the higher category.

Domestic Taxes on Automobiles

A complex system of automobile-related taxes is levied on passenger cars in Japan. The main constituents of this system are nine different taxes imposed on car acquisition, ownership and operation, for the purpose of securing financial resources for road maintenance and construction programs.

The revenue raised by these taxes amounts to approximately ¥9 trillion yearly, which accounts for about one-tenth of the Japanese government's annual total tax revenue (see table below).

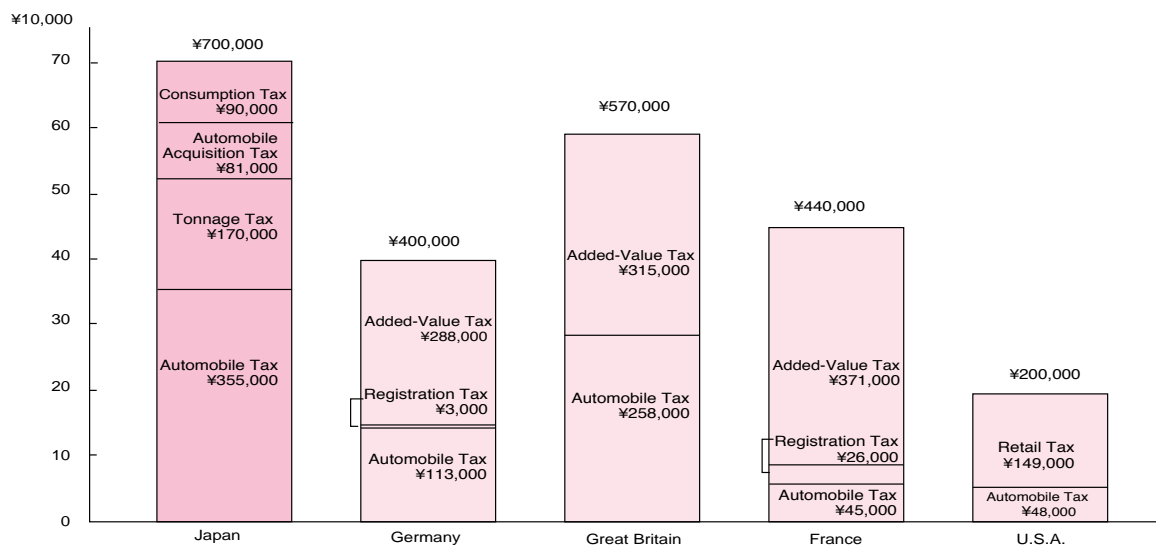
Every year, JAMA issues a call on the government to reduce vehicle taxes in the interest of simplifying this tax system and making it more equitable. Specifically, JAMA continues to call for the elimination of the Acquisition Tax, which is assessed at the acquisition stage along with the Consumption Tax and thus constitutes double taxation.

JAMA is also encouraging the government to introduce a tax incentive for the purchase of low-emission vehicles, which could require an extension of the current tax framework.

AUTOMOBILE-RELATED TAXES (Passenger Cars, as of April 2000)

	Tax Category	National/Local Tax	How Assessed	Treated as	Tax Rate/Amount	Original Rate/Amount
Acquisition Stage	Consumption Tax	National tax	Tax assessed according to car price	General revenue source	5%	—
	Acquisition Tax	Prefectural tax	Tax assessed according to car price	Designated road revenue source (regional)	Private: 5% Commercial/mini: 3%	3%
Ownership Stage	Tonnage Tax	National tax	Tax assessed according to vehicle weight at <i>shaken</i> inspection	Designated road revenue source (national)	Example: private passenger car (annual amount, provisional): ¥6,300 per year per 0.5t	¥2,500
	Automobile Tax	Prefectural tax	A fixed amount assessed every April 1 on the current owner of a vehicle	General revenue source	Example: private passenger car (annual amount): 1001-1500cc= ¥34,500	—
	Minicar Tax	Municipal tax	A fixed amount assessed every April 1 on the current owner of a vehicle	General revenue source	Example: private minicar (annual amount): ¥7,200	—
Operation Stage	Volatile Oil Tax	National tax	Tax assessed on gasoline	Designated road revenue source (national)	(Provisional) ¥48.6/liter	¥24.3
	Regional Road Tax			Designated road revenue source (national)	(Provisional) ¥5.2/liter	¥4.4
	Diesel Handling Tax	Prefectural tax	Tax assessed on diesel fuel	Designated road revenue source (regional)	(Provisional) ¥32.1/liter	¥15.0
	LPG Tax	National tax	Tax assessed on LPG (taxis only)	Designated road revenue source (1/2 national, 1/2 regional)	¥17.5/liter	—
	Consumption Tax	National tax	Tax assessed according to price of fuel	General revenue source	5%	—

COMPARISON OF TAX BURDENS IN VARIOUS COUNTRIES



Assumptions: 1. Displacement: 1800cc 2. GVW: 1,100 kg 3. Vehicle price: ¥1,800,000 4. Service life: 9 years (aver. service life)

5. Currency exchange rates (averaged April 1999-February 2000):

1 DMark = ¥60 1 Pound = ¥185 1 FFranc = ¥18 1 US\$ = ¥113

Automobile Certification and Standards

Japan has in recent years undertaken wide-ranging measures designed to streamline the regulatory system in the area of automobile certification and standards. The objective has been to facilitate and ensure unhindered market access by foreign manufacturers.

Japan's automobile market is not restricted by customs duties, quotas or local content requirements of any kind, and auto imports receive equal and, in some cases, preferential treatment with regard to taxes, insurance premiums and the standards and certification system.

Automobile Certification

The main certification process in Japan is the Type Designation System (TDS). It applies equally to imported and domestic vehicles and is applied to most mass-produced models. The Preferential Handling Procedure for Imported Motor Vehicles

(PHP) is an alternative system used to expedite the certification of cars imported in small quantities. The Type Notification System, a third motor vehicle certification system, applies primarily to large trucks.

The Japanese government provides additional support in the implementation of TDS by stationing Ministry of Transport (MOT) officials overseas on a permanent basis. Performing type designation tests locally, in liaison with MOT, these officials provide foreign automakers with guidance and technical consultation on standards and certification matters.

Harmonization of Motor Vehicle Standards

Automobile standards currently vary from country to country. The international harmonization of standards is being encouraged to ease the burden on manufacturers, who must ensure compliance with local regulations in all of their markets.

MOT, working in collaboration with other

AUTOMOBILE CERTIFICATION SYSTEM IN JAPAN

THE TYPE DESIGNATION SYSTEM

- Applies equally to domestic and imported vehicles.
- Requires less documentation and time than the equivalent procedure in any other country.

Automaker or importer applies to the Ministry of Transport (MOT). The Ministry checks documentation, one sample vehicle, and the automaker's quality control system. Certification process completed within two months.

- Following approved certifications, the automaker inspects individual vehicles upon completion and MOT makes periodic inspection of the automaker's quality control system.

Features of the Type Designation System designed to facilitate imports include:

- MOT engineers are dispatched at Japanese government expense to conduct certification tests on sample vehicles abroad.
- MOT is accepting an increasing amount of test results from a growing list of designated foreign institutes.
- In some instances, data obtained from tests on similar vehicles can be accepted.
- A grace period is routinely given to imports on implementation of new domestic standards.

THE PREFERENTIAL HANDLING PROCEDURE FOR IMPORTED MOTOR VEHICLES

- Used for any individual model imported to Japan in quantities of less than 2,000 units a year.
- Simpler and faster than the Type Designation System.

Automaker or importer applies to MOT. MOT checks documentation only and completes the certification process within one month.

- Following approved certifications, MOT inspects individual vehicles at MOT facilities or at dealerships in Japan prior to registration.

Features of the Preferential Handling Procedure for Imported Motor Vehicles designed to facilitate imports include:

- Exhaust emissions and noise level tests can be carried out at automaker's home facilities under the supervision of MOT-approved inspectors.
- MOT is accepting an increasing amount of test results from a growing list of designated foreign institutes.
- In some instances, data obtained from tests on similar vehicles can be accepted.
- Minor changes in vehicle specifications do not have to be reported.

EFFECTIVE DUTIES IN JAPAN, THE U.S. AND THE EUROPEAN UNION (as of April 1999)

	Japan	U.S.	European Union
Passenger Cars	0%	2.5%	10%
Commercial Vehicles	0%	25%	Class I: 22%, Class II: 11%

Note: Class I refers to gasoline-fueled trucks of 2800cc or more, and diesel-fueled trucks of 2500cc or more. Class II refers to gasoline-fueled trucks of less than 2800cc, and diesel-fueled trucks of less than 2500cc.

government agencies, has been overseeing Japan's efforts to harmonize its regulations with international standards. MOT is an active participant in the Group of Experts on the Construction of Vehicles, of the United Nations Economic Commission for Europe (ECE/WP29), the principal international forum for harmonization issues.

In consultation with its counterparts in other countries, MOT has spearheaded the drive to adjust many Japanese standards in order to make them compatible with those of other countries. By the same token, the Ministry has declared various foreign standards to be equivalent to Japan's, and accepts data compiled by designated foreign testing institutes. These initiatives will continue, in accordance with Japan's deregulation program. As of March 2000, 26 foreign standards had been endorsed in Japan.

In November 1998, the Japanese government became an official member of the UN-ECE 1958 Agreement, which allows reciprocal recognition of certification among various countries. At the same time, MOT accepted five ECE regulations, including those for braking devices, lighting devices, reflex reflectors and horns. Now, therefore, items already certified in other member countries are exempt from domestic certification procedures.

JASIC

The Japan Automobile Standards Internationalization Center (JASIC) was established in 1987 in a cooperative public/private sector initiative to promote the harmonization of standards and to help improve standards certification systems in developing countries through the collection and dissemination of data on inspections, surveys, and related information.

In March 1988 JASIC opened an office in Geneva, where the WP29 conferences have been held. There it plays a key role in the cooperative creation of internationally harmonized standards for lamps, brakes, and other equipment, while maintaining close rapport with the countries concerned.

In association with Asian governments, JASIC sponsors conferences on automobile safety

standards, emissions regulations and inspection systems. It also dispatches experts to Asian countries to discuss the issues raised at those conferences.

JASIC promotes standards harmonization activities in the APEC (Asia-Pacific Economic Cooperation) region by undertaking surveys of standards within the region at the request of APEC authorities. It also publishes a yearly manual on Japan's Type Designation System for automobiles. This handbook, which covers laws and procurement related to standards and certification, is intended to spread awareness and understanding overseas concerning standards and certification in Japan.

Motor Vehicle Inspection System

The motor vehicle inspection system (familiarly known as the *shaken* system) consists of periodic vehicle checks mandated under the Road Vehicles Act to verify that the vehicle complies with technical standards related to safety and environmental protection.

For passenger cars, the New Car Inspection (initial *shaken* inspection), which is valid for three years, may be carried out at any MOT Land Transport Office or office for the registration of automobile *shaken* inspections. In cases where the model has received Type Designation approval, all the owner needs to do is present the attestation issued by the automaker that the vehicle has passed the complete vehicle inspection. There is no need to present that actual vehicle for inspection.

In cases where the New Type Notification or the Preferential Handling Procedure for Imported Motor Vehicles (PHP) apply, the actual vehicle must be presented to verify that it has received approval.

The Continuing Inspection (*shaken* inspections after the initial New Car Inspection), which is valid for two years, may be carried out at any Land Transport Office or at any designated service garage that is qualified to conduct the *shaken* inspection, whichever is more convenient.

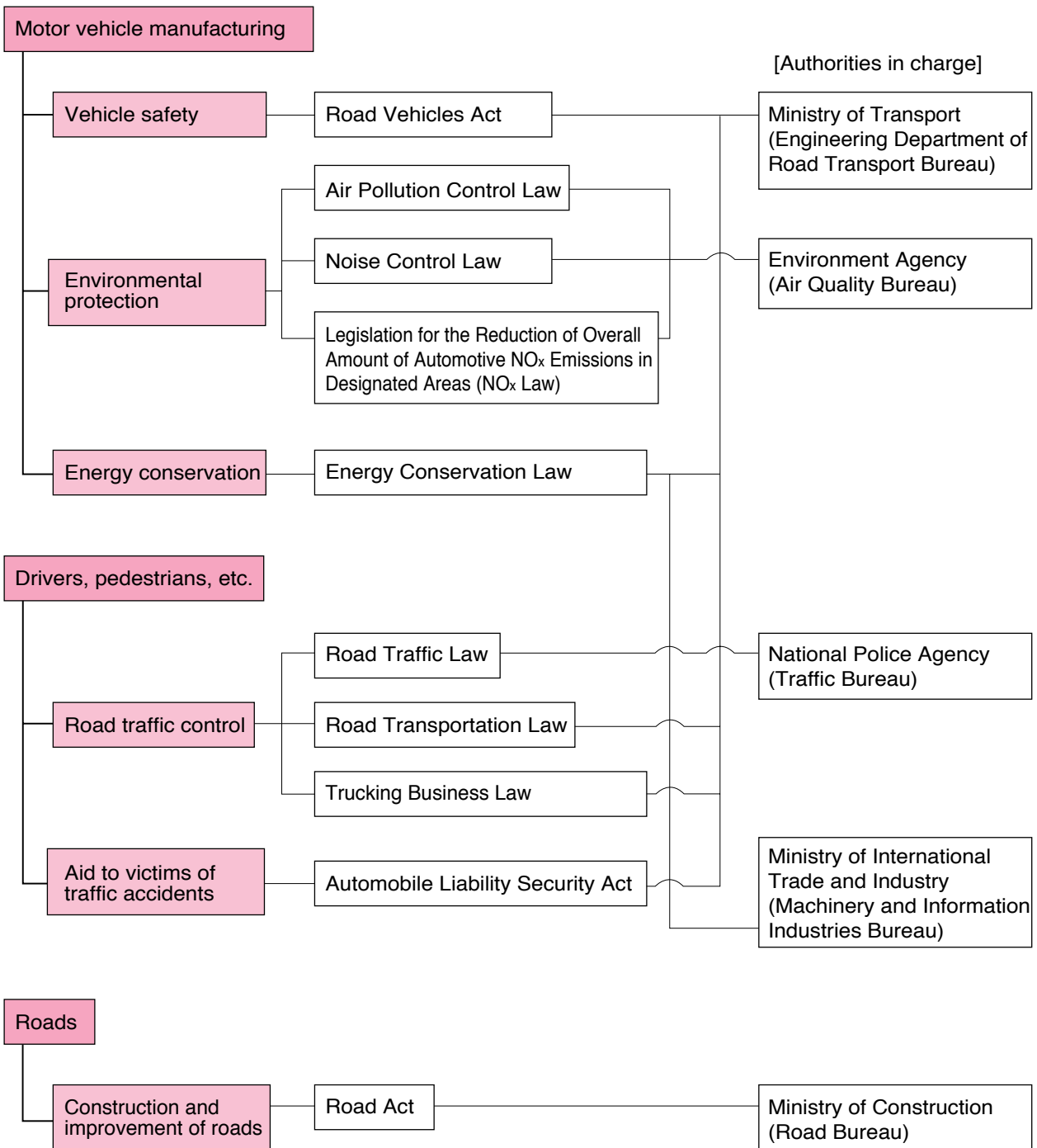
At the time of the Continuing Inspection, if a compliance certificate for safety standards (issuable by any designated service garage) is submitted, presentation of the actual vehicle is not required.

Laws and Regulations Concerning Automobiles

The chart below outlines the systemic relationships of the various laws and regulations governing motor vehicles in Japan, which are formulated to ensure motor vehicle traffic safety, prevent pollution, assist victims of traffic accidents, and

promote the efficient use of energy resources. The laws and regulations are classified into three categories: those covering motor vehicle structure and equipment, those pertaining to people (drivers and pedestrians), and those pertaining to roads.

LAWS AND REGULATIONS RELATED TO MOTOR VEHICLES



Attention to the Environment

The United Nations Framework Convention on Climate Change/COP3, a conference on global warming held in Kyoto in December 1997, established targets for the reduction of greenhouse gases worldwide. As a means of attaining Japan's designated target, the Japanese automobile industry is now working hard to develop and manufacture vehicles that offer greater fuel economy and reduced exhaust emissions. It is also promoting the more widespread use of alternative-fuel vehicles.

Nevertheless, vehicle-by-vehicle improvements in fuel economy undertaken by the automobile industry will not be sufficient to achieve effective reductions of CO₂ emissions. A bolder, broader approach that covers the entire transportation sector will be needed, one that results in more efficient transportation, facilitates the flow of traffic as a result of improvements in traffic infrastructure, and encourages an attitude of energy-saving on the part of vehicle users. Towards this end, the industry is working with relevant institutions in the study and development of ITS (Intelligent Transport Systems; see page 29) and is expanding its efforts in researching and promoting measures that will increase goods distribution efficiency and improve traffic flow.

Fuel Economy

Japanese automakers have achieved outstanding progress in developing fuel-efficient technologies. However, factors not related to fuel economy, such as measures to improve safety and reduce emissions, tend to counterbalance improvements in fuel consumption per vehicle. Following the June 1998 revision of the Energy Conservation Act in line with the terms of the Kyoto Protocol, Japan's Ministry of Transport and Ministry of International Trade and Industry introduced stricter fuel economy targets for both gasoline- and diesel-powered vehicles. Accordingly, gasoline-powered passenger cars will

attain an average fuel economy increase of 22.8% over 1995 levels by the year 2010; gasoline-powered commercial vehicles with GVW of 2.5 tons or less will attain an average increase of 13.2% over 1995 levels by 2010; diesel-powered passenger cars will attain an average increase of 14.9% over 1995 levels by 2005; and diesel-powered commercial vehicles with GVW of 2.5 tons or less will attain an average increase of 6.5% over 1995 levels by 2005. Automakers are therefore working on the development of new technologies that will be required for further improvements in fuel economy and compliance with the new targets set for 2005 and 2010.

Emissions

Japanese motor vehicle exhaust emission standards, which are among the most stringent in the world, date from the late 1970s, when over 90% reductions in carbon monoxide (CO), nitrogen oxide (NO_x) and hydrocarbon (HC) emissions were implemented. New regulations were announced in mid-1997 by the government's Central Environment Council requiring the reduction of CO, NO_x and HC emissions from gasoline-powered vehicles by a further 70% by early 2000. Furthermore, in December 1998 the Council issued recommendations for a two-stage tightening of regulations on emissions from diesel-powered vehicles by the year 2007. Under this program, NO_x and particulate matter (PM) emissions from diesel vehicles will be reduced by approximately 30% from current levels by 2003 and by approximately 60% from current levels by the year 2007.

To meet these reduced emission requirements, automakers must draw heavily on their R&D resources. In doing so, they strive to meet every challenge involved in the improvement of combustion-engine technologies, including the entire emission process. In this area their

EXHAUST EMISSIONS STANDARDS IN JAPAN

Type of Vehicle		CO	HC	NOx	Particulate Matter	Smoke	
Gasoline-powered vehicles	Passenger Cars	2.70 g/km	0.39 g/km	0.48 g/km	N.A.	N.A.	
	Commercial Vehicles	GVW ≤ 1.7t	2.70 g/km	0.39 g/km			0.48 g/km
		1.7 < GVW ≤ 2.5t	8.42 g/km	0.39 g/km			0.63 g/km
		2.5t < GVW	68.0 g/kWh	2.29 g/kWh			5.90 g/kWh
Diesel-powered vehicles	Passenger Cars	2.70 g/km	0.62 g/km	0.55 g/km	0.14 g/km	25%	
	Commercial Vehicles	GVW ≤ 1.7t	2.70 g/km	0.62 g/km	0.55 g/km	0.14 g/km	25%
		1.7 < GVW ≤ 2.5t	2.70 g/km	0.62 g/km	0.97 g/km	0.18 g/km	25%
		2.5t < GVW	9.20 g/kWh	3.80 g/kWh	5.80 g/kWh	0.49 g/kWh	25%

Notes: GVW = Gross vehicle weight.

Figures are applicable to new domestic models. Existing domestic models and imports are granted certain grace periods on part of the above standards.

Sources: Ministry of Transport, Environment Agency.

Attention to the Environment (Cont'd.)

achievements to date include exhaust gas recirculation (EGR) systems, catalytic converters with CO₂ sensors, and a ceramic filtering system that eliminates up to 100% of the smoke from diesel engines and reduces particulate matter by approximately 80%. Diesel engines equipped with common-rail type, electronically controlled fuel injection systems have also been introduced. Moreover, international research has determined that fuel quality has a major effect on emissions. In view of this finding, JAMA, AAM (North America) and ACEA (Europe) have issued a joint statement calling for lower levels of sulfur in gasoline and diesel fuel that is to be officially adopted on a worldwide basis in June 2000.

Alternative-fuel Technologies

Today approximately 2,500 electric vehicles (EVs) are on the road in Japan, and more sophisticated EVs are being introduced into the market. Hybrid vehicles that convert braking energy into either electricity or hydraulic pressure have also been introduced. In December 1997, to much acclaim, hybrid vehicles equipped with both a gasoline engine and an electric motor were placed on sale in Japan, marking the world's first mass production

and commercialization of these environmentally friendly vehicles. A significant number of special purpose trucks and city buses, which must constantly accelerate and decelerate, have been equipped with this technology. In Japan a large proportion of city taxis run on liquefied petroleum gas (LPG), and overall about 300,000 LPG-equipped vehicles, including trucks, are currently in use. In addition, a number of vehicles on the road operate on compressed natural gas (CNG).

Recycling

In Japan about 5 million vehicles annually become end-of-life vehicles (ELVs) and virtually all of these are recycled, at a rate of 75% to 80% by vehicle weight. In May 1997, MITI's Industrial Structure Council issued its ELV Recycling Initiative which targets an 85% or higher vehicle recycling rate by the year 2002 and also calls for a reduction in the volume of automobile shredder residue disposed of as landfill to three-fifths of (or a 60% decrease from) 1996 levels by 2002. By 2005, lead content in new vehicles (excluding batteries) is to be reduced to one-third or less of 1996 levels.

JAMA plays a significant role here. On the basis of its current four-year plan to promote recycling

EMISSIONS OUTPUT AND PERFORMANCE VIABILITY OF CONVENTIONAL/ ALTERNATIVE-FUEL VEHICLES			Exhaust emissions				Vehicle performance		
			Local			Global /CO ₂	Output	Driving range	
			NOx	CO/HC	Particulate matter (PM)	CO ₂			
Gasoline vehicles			○	○	○	○	○	○	
Diesel vehicles			▲ ~ △	○	▲	◎	△	○	
Clean-energy vehicles	CNG (compressed natural gas) vehicles		○	○	○	◎	△	▲	
	LNG (liquefied natural gas) vehicles		○	○	○	◎	△	△	
	Methanol vehicles	Otto-type engine	○	○	○	○	○	△	
		Diesel-type engine	△	○	○	○	△	△	
	Hybrid vehicles	Parallel type	Diesel engine & pressure accumulator	△	○	△	◎ ~ ☆	△	◎ ~ ☆
			Diesel engine & electric motor	△	○	△	◎ ~ ☆	△	◎ ~ ☆
		Serial type	Otto engine & electric motor	○ ~ ◎	○ ~ ◎	○ ~ ◎	◎ ~ ☆	△ ~ ○	○ ~ ☆
			Otto engine & electric motor	○ ~ ◎	○ ~ ◎	○ ~ ◎	◎ ~ ☆	△ ~ ○	○ ~ ☆
	Serial & parallel type	Otto engine & electric motor	○ ~ ◎	○ ~ ◎	○ ~ ◎	◎ ~ ☆	△ ~ ○	○ ~ ☆	
	Electric vehicles		☆	☆	☆	☆	△ ~ ○	▲	
	Fuel cell-powered vehicles	Hydrogen Type	☆	☆	☆	☆	△ ~ ○	△ ~ ○	
		Methanol Reformer Type	☆	☆	☆	☆	△ ~ ○	△ ~ ○	
	Hydrogen vehicles		○	☆	☆	☆	△	▲	
LPG (liquefied petroleum gas) vehicles		○	○	○	○	△	△ ~ ○		

Note : Indexed with gasoline vehicle emissions and performance as the norm (○)

Key : Inferior ▲ ← △ ← ○ → ◎ → ☆ Superior.

which began in 1996, JAMA has, for example, conducted extensive research and development in the area of automobile shredder residue (ASR) processing—specifically, on ASR volume-reduction, solidification and dry-distillation technologies and implementation technologies for shredder facilities. JAMA is also developing new technologies for more efficient ELV dismantling and is working with industry partners on improving the recycling rate of parts and materials. The dissemination of information on the results of its R&D activities is an additional task that JAMA undertakes on an ongoing basis.

JAMA and individual manufacturers have taken other important steps to encourage recycling. These include the introduction of a uniform marking code to identify plastic parts, the increased use of thermoplastics that are easy to recycle, consolidation of the types of plastic used, and the operation of a bumper recycling program. In addition, a system proposed by JAMA and the Japan Auto Parts Industries Association (JAPIA) for the recovery and appropriate disposal of CFCs from automobile air conditioners is now operating successfully throughout Japan more than two years after its introduction (see below). In October 1999 JAMA also launched an air bag recovery-and-disposal system whose widespread implementation is being carried out with the cooperation of JAPIA and the industry sectors concerned.

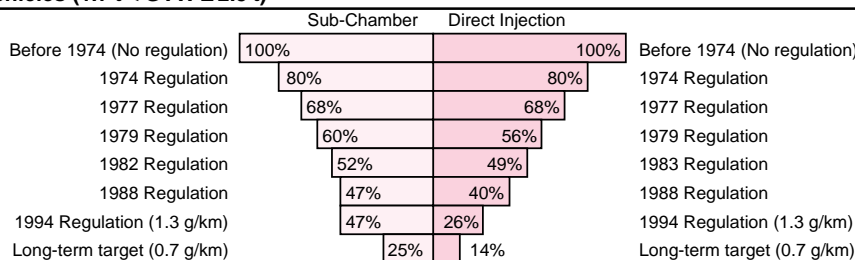
JAMA furthermore cooperates with industry partners to help support operations involved in the disposal of abandoned vehicles as well as a non-profit organization promoting the appropriate disposal of industrial waste.

Recovery/Disposal of CFCs in Vehicle Air Conditioners

In 1991 Japanese automakers and vehicle air conditioner manufacturers pioneered the development of a new refrigerant, HFC134a, to replace CFC12 which was destructive to the Earth's stratospheric ozone layer. By 1994 Japanese automakers thus succeeded in completely eliminating the use of CFC12 in all new models, well in advance of the date mandated by the Montreal Protocol on Substances that Deplete the Ozone Layer. A system for the recovery and disposal of CFC refrigerants from older models and from end-of-life vehicles was jointly developed by JAMA and JAPIA, and a pilot project to test it in the greater Tokyo metropolitan area (including Tokyo's neighboring prefectures of Chiba, Saitama, and Kanagawa) was launched in January 1998. Expanded nationwide in October that year, the success of the system is demonstrated by the 3,000 operators now participating in it. Manufacturers are also making efforts to reduce HFC134a's "greenhouse effect," estimated to be only about 15% that of CFC12 .

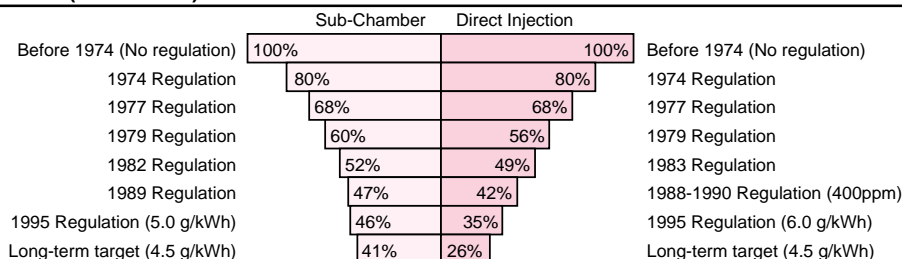
TRENDS IN NO_x EMISSIONS REDUCTION IN DIESEL-POWERED COMMERCIAL VEHICLES

Medium-Duty Vehicles (1.7 t < GVW ≤ 2.5 t)



GVW=Gross Vehicle Weight.

Heavy-Duty Vehicles (2.5 t < GVW)



Note:

Traffic Safety

The highest traffic fatality rate on record in Japan was marked in 1970 by the 16,795 deaths resulting from traffic accidents that year, or 6.3 fatalities per 10,000 vehicles on the road. Attributable perhaps primarily to the extremely rapid rate of motorization in Japan from 1965 onward, these appalling figures led to concerted efforts by government and industry in a number of areas — road construction, vehicle safety, driver education and public awareness campaigns—to reduce their high rates.

The result was a dramatic improvement in accident statistics, with traffic fatalities dropping by nearly 50% to 8,466 in 1979.

Despite a steady rise in the number of vehicles on Japan's roads over the past ten years or so, the rate of traffic fatalities and injuries per 10,000 vehicles has remained largely unchanged—owing in part to the fact that traffic safety is a national concern and a major priority for Japanese automakers.

Innovative solutions to improve vehicle safety are constantly being sought by JAMA member manufacturers, and JAMA, for its part, pursues on an ongoing basis various activities aimed at the promotion of traffic safety. One initiative by JAMA was the creation of a special research body designed to provide the support of experts to the work of its Traffic Safety Committee. This has led to the implementation of a comprehensive program of action whose main areas of focus are described below.

Further Improvements in Vehicle Safety

Japanese automakers continue to work on new technologies to improve vehicle safety in collisions and to enhance vehicle safety overall. In addition to anti-lock brakes (ABS) and air bags which are now

standard equipment, automakers are working on advances in, for example, car navigation systems, rear-monitoring equipment, head-up displays, and systems alerting drivers to the close proximity of pedestrians. These advanced technologies are also contributing to the industry's efforts towards the implementation of intelligent transport systems (see next page).

Traffic Safety Campaigns and Related Activities

Japanese automakers focus their efforts in this area on four basic endeavors: conducting driving seminars; disseminating traffic safety materials; promoting public awareness campaigns; and providing support for traffic safety education. During JAMA's semi-annual traffic safety campaigns, for example, safety is widely promoted throughout the media nationwide. Individual automakers directly contribute to the effort by conducting driving seminars which cover basic defensive driving skills, explore the limits of participants' own driving skills, and provide practical experience with a range of different driving conditions and vehicle capabilities.

From 1988 through 1995 traffic fatalities again exceeded 10,000 annually, but intensive efforts on the part of government and industry, with the cooperation of the public, have kept that statistic consistently below the 10,000 level since 1996. Over the past four years, in fact, traffic fatalities have steadily declined, to 9,005 in 1999. Traffic safety remains, however, a priority issue that automakers are addressing on an ongoing basis.

An additional factor contributing to traffic safety will be the enforcement of child-seat laws in Japan as of April 2000.

TRAFFIC ACCIDENT CASUALTIES (including motorcycle accident casualties)

Year	Traffic Accidents	Index	Fatalities	Index	Injuries	Index	Vehicles in Use* (million)	Index	Per 10,000 Vehicles: Fatalities	Injuries
1970	718,080	100	16,765	100	981,096	100	28.3	100	6.3	369
1975	472,938	66	10,792	64	622,467	63	36.9	130	2.9	169
1980	476,677	66	8,760	52	598,719	61	49.8	176	1.8	120
1985	552,788	77	9,261	55	681,346	69	64.3	227	1.4	106
1990	643,097	90	11,227	67	790,295	81	75.5	266	1.5	105
1991	662,388	92	11,105	66	810,245	83	77.2	272	1.4	105
1992	695,345	97	11,451	68	844,003	86	78.5	277	1.5	107
1993	724,675	101	10,942	65	878,633	90	79.7	282	1.4	110
1994	729,457	102	10,649	64	881,723	90	81.0	286	1.3	109
1995	761,789	106	10,679	64	922,677	94	82.5	292	1.3	112
1996	771,084	107	9,942	59	942,203	96	84.1	297	1.1	112
1997	780,399	108.7	9,640	57.5	958,925	97.7	84.9	300	1.1	111
1998	803,184	111.9	9,211	54.9	989,297	100.8	85.4	301	1.0	112
1999	850,363	118.4	9,005	53.7	1,050,398	107.1	86.1	304	1.0	121

Note: *Figures include motor vehicles in use (as of end of December each year) and motorcycles in use (as of end of March).
Sources: National Police Agency, Ministry of Transport.

Intelligent Transport Systems

ITS—or Intelligent Transport Systems—is a comprehensive undertaking whose aim is to improve road traffic flow by means of networks using advanced telecommunications technology and state-of-the-art electronic vehicle technologies to allow communication of information to and about drivers and vehicles. ITS represents a new traffic management infrastructure being built with the objective of improving road transportation efficiency overall and thus making road travel a more enjoyable experience. ITS is being developed and implemented with the support of the public and private sectors.

A government-formulated master plan, whose development targets are slated to be fully implemented by around 2015, stipulates user services to be developed for application in nine areas, including advanced navigation systems for drivers, assistance to pedestrians, and support to users of public transportation, to goods distribution (freight transport), and to road traffic and road infrastructure management.

Recent Trends

Electronic toll collection systems (ETCs) automatically collect tolls from vehicles without requiring them to stop at tollbooths. ETC, which is an integral part of Japan's Automatic Highway System (AHS), was put into service at 50 toll stations during fiscal year 1999. ETC systems are slated for installation at major toll stations throughout Japan,

amounting to approximately 900 locations, by fiscal year 2002.

The target date for AHS (Automatic Highway System) operation, including advanced vehicle cruise-assist systems and the completion of the necessary road infrastructure, is 2010. The Ministry of Construction (MOC) has been working with the Ministry of Posts and Telecommunications to complete construction of a fiberoptic network along major expressways nationwide by the end of 2000. An advanced, fiber optics-based road traffic information system known as VICS (Vehicle Information and Communication System) has been in operation since April 1996, providing service first on expressways in the Tokyo and Osaka metropolitan areas and, later, throughout eight prefectures and on all of Japan's highways.

Japanese automakers have been participating on a long-term basis in MOT's Advanced Safety Vehicle (ASV) project. With a test model completed in 1995, automakers have thus far directed ASV development mainly at passenger cars, but MOT has stated that ITS development must also be carried out for trucks, buses, and other commercial vehicles in order to upgrade Japan's road transport system overall.

The AHS and ASV projects are being handled as a single, integrated effort, with lab and prototype testing scheduled to begin in October 2000 to provide both road-traffic and vehicle-operation support to drivers.

SCOPE OF ITS INFORMATION DELIVERY SYSTEMS

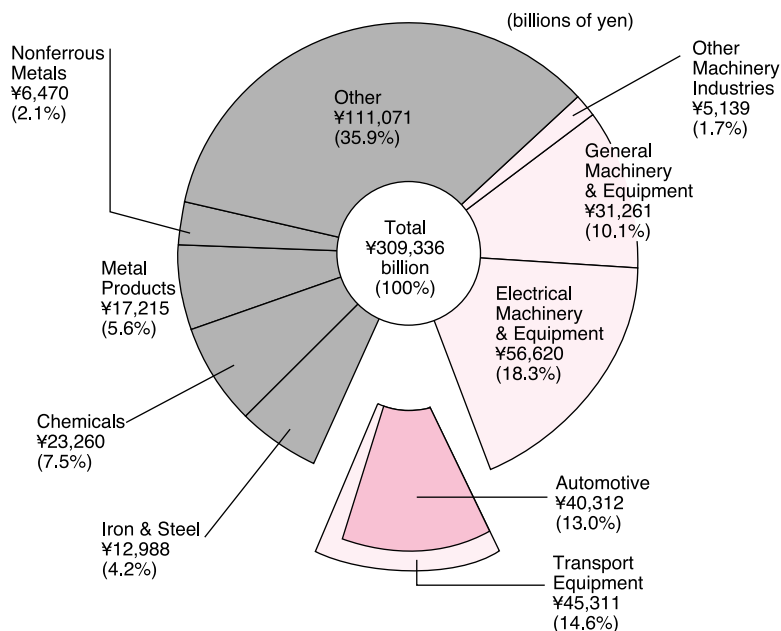
Area of Application	User Services (types of information delivered)
Advanced navigation systems	Traffic-related information Route guidance information
Electronic toll collection	Automatic collection of vehicle tolls
Safe-driving assistance	Road-related information Hazard warnings Driver assistance Advanced cruise-assist systems
Road traffic management	Traffic flow information Alternate-route information in case of accidents (for traffic flow control)
Road infrastructure management	Road operations information Special vehicle deployment information Information on traffic regulations
Public transport support	Information on public transport operations Assistance in public transport logistical operations
Goods distribution (freight transport)	Assistance in commercial vehicle logistical operations Advanced cruise-assist systems for commercial vehicles
Assistance to pedestrians	Pedestrian information Hazard warnings
Assistance to emergency vehicle operations	Automatic notification of emergencies Emergency vehicle deployment support (route guidance, unimpeded passage and rescue activity support)

Automotive Shipments in Value Terms (1998)

Automotive shipments are the second largest industrial sector of the Japanese economy (after electrical machinery and equipment). By the latest accounts, they represent 13% of the value of the nation's total manufacturing shipments and 29.1% of the value of the machinery industries' combined shipments. After two years of gains, the value of domestic automotive shipments declined 5.1% in 1998 to ¥40,312 billion.

The number of people in Japan engaged in work related to automobiles is approximately 7.3 million. Given that there are currently around 65.7 million workers in Japan, this means that about one in every ten workers is employed directly or indirectly by the automobile industry.

1998 SHIPMENTS OF MAJOR MANUFACTURING INDUSTRIES



<Breakdown of Automotive Shipments>

•Automobile manufacturers (including motorcycles)	¥21,054
•Automobile body & related manufacturers	¥2,534
•Automobile parts & accessories manufacturers	¥16,724

SHIPMENTS OF MAJOR MANUFACTURING INDUSTRIES IN VALUE TERMS (billions of yen)

Year	Chemicals	Iron & Steel	Nonferrous Metals	Metal Products	Machinery Industries						Other	Total	Automotive Shipments	
					General Machinery/ Equipment	Electrical Machinery/ Equipment	Transport Equipment	Automotive	Other Machinery Industries	Machinery Industries Subtotal			% of Machinery Industries Value	% of Manufacturing Industries Value
1998	23,260	12,988	6,470	17,215	31,261	56,620	45,311	40,312	5,139	138,331	111,071	309,336	29.1	13.0
1997	24,580	14,563	7,188	18,125	32,575	60,381	47,448	42,483	4,503	144,907	113,709	323,072	29.3	13.2
1996	23,490	13,890	6,710	17,933	31,424	57,748	45,145	40,601	4,089	138,406	112,640	313,069	29.3	13.0
1995	23,362	14,073	6,490	17,647	29,884	54,831	44,215	39,561	4,107	133,037	111,421	306,030	29.7	12.9
1994	22,519	13,574	5,931	17,488	27,594	51,928	44,652	39,682	4,209	128,383	111,132	299,027	30.9	13.3
1993	23,260	14,932	6,140	18,732	29,171	52,103	47,065	41,767	4,488	132,827	115,309	311,200	31.4	13.4
1992	24,169	16,558	6,865	19,805	33,192	54,566	49,426	44,295	5,051	142,235	119,888	329,520	31.1	13.4
1991	24,270	18,631	7,697	20,230	35,847	58,624	48,960	44,192	5,510	148,941	121,066	340,835	29.7	13.0
1990	23,503	18,269	7,822	18,573	33,225	54,529	46,858	42,311	5,132	139,744	115,462	323,373	30.3	13.1
1985	20,552	17,754	6,384	13,094	24,191	40,842	36,179	27,693	4,381	105,593	101,943	265,320	26.2	10.4
1980	17,979	17,896	8,118	10,646	17,600	22,235	24,954	21,235	3,457	68,246	91,815	214,700	31.1	9.9
1975	10,438	11,306	3,909	6,573	10,611	10,821	14,794	10,524	1,729	37,955	57,252	127,433	27.7	8.3
1970	5,540	6,565	3,055	3,728	6,803	7,330	7,276	5,467	892	22,301	27,846	69,035	24.5	7.9

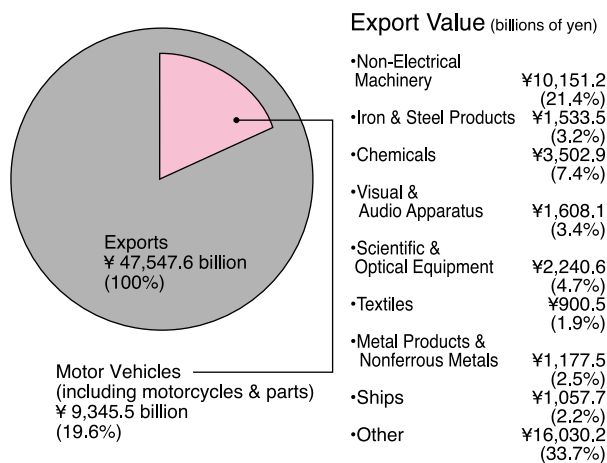
Source: Industry Statistics, Ministry of International Trade and Industry.

Automotive Trade

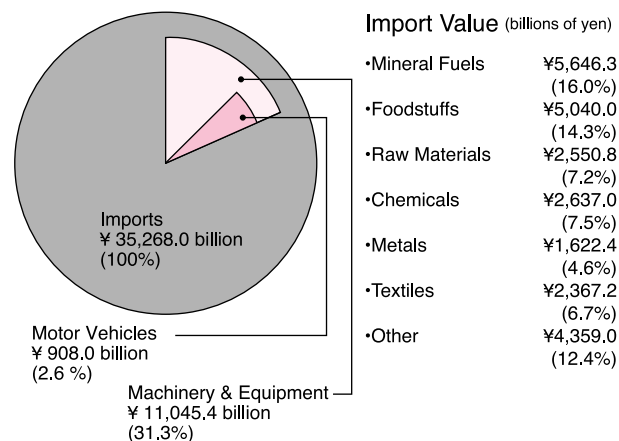
In 1999, after three years of gains, the value of motor vehicle exports (including motorcycles and parts) experienced a drop of 7.5% to ¥9,345.5 billion.

Meanwhile, the value of motor vehicle imports (including parts) declined for the third straight year, by 4.8% to ¥908 billion.

1999 EXPORTS BY PRINCIPAL COMMODITY (FOB)



1999 IMPORTS BY PRINCIPAL COMMODITY (CIF)



AUTOMOTIVE EXPORTS IN VALUE TERMS (FOB)

(billions of yen)

Year	Motor Vehicles			Subtotal	Chg.(%)	Merchandise Export Total
	Cars, Trucks, Buses	Parts & Components	Motorcycles			
1999	7,094.8	1,636.7	614.0	9,436.0	-7.5%	47,547.6
1998	7,795.2	1,637.4	670.0	10,103.0	6.3%	50,645.0
1997	7,112.3	1,789.5	604.6	9,506.4	20.3%	50,938.0
1996	5,513.8	1,840.5	548.9	7,903.2	9.1%	44,731.3
1995	4,979.7	1,781.5	480.7	7,241.9	-10.9%	41,530.9
1994	5,836.6	1,798.2	494.3	8,129.1	-7.3%	40,497.6
1993	6,550.5	1,654.4	564.6	8,769.5	-10.4%	40,202.4
1992	7,657.7	1,584.7	549.6	9,792.0	4.7%	43,012.3
1991	7,370.5	1,523.9	458.9	9,353.3	0.3%	42,359.9
1990	7,358.7	1,566.8	396.4	9,321.9	11.7%	41,955.7
1985	8,195.1	1,242.0	624.1	10,061.2	14.4%	41,456.9

Source: The Summary Report on Trade of Japan, Ministry of Finance.

AUTOMOTIVE IMPORTS IN VALUE TERMS (CIF)

(billions of yen)

Year	Motor Vehicles		Subtotal	Chg.(%)	Merchandise Import Total
	Cars, Trucks, Buses	Parts & Components			
1999	722.6	185.4	908.0	-4.8%	35,268.0
1998	746.5	207.6	954.1	-19.8%	36,653.6
1997	974.0	215.6	1,189.6	-10.6%	40,956.2
1996	1,152.1	177.4	1,329.5	21.4%	37,933.4
1995	958.5	136.4	1,094.9	28.2%	31,548.8
1994	737.8	116.2	854.0	22.1%	28,104.3
1993	583.0	116.6	699.6	-11.3%	26,826.4
1992	655.0	133.4	788.4	-7.6%	29,527.4
1991	727.8	125.5	853.3	-17.6%	31,900.2
1990	923.3	111.9	1,035.2	58.9%	33,855.2
1985	129.0	44.6	173.6	—	31,084.9

Source: The Summary Report on Trade of Japan, Ministry of Finance.

Significant Events of 1999

DOMESTIC

- JAMA announces that members will henceforth manufacture vehicles equipped with safety devices to prevent manual transmissions from unexpectedly shifting into forward gear (January).
- Nissan Diesel Motor Co., Ltd. announces restructuring program, including the closing of the Gunma plant, personnel cuts, and the merger of its manufacturing and sales companies during FY1999 (February).
- JAMA submits opinion paper to government expressing its opposition to hasty introduction of “green tax” (March).
- MOT publishes “Automobile Safety Information” report incorporating the findings of the National Organization for Automotive Safety & Victims’ Aid (OSA) on tests of safety in frontal collisions (March).
- Honda concludes business tie-up with Mazda Motor Corporation on procurement of drivetrain components (April).
- Mitsubishi and Mazda announce agreement on OEM supply of Mazda-made small commercial vehicles to Mitsubishi (June).
- Mr. Fujio Cho appointed as president of Toyota (June).
- JAMA announces that procurement of U.S.-made automotive parts amounted to \$28 billion in FY1998 (July).
- JAMA establishes center for the recovery and disposal of airbags (July).
- Nissan exceeds 30-million-unit level in aggregate exports (July).
- Suzuki Motor Corporation announces attainment of 40-million-unit level in motorcycle/scooter production (August).
- Honda announces construction of passenger car engine plant in Sayama City (August).
- Mazda formally announces beginning of production from autumn 2000 at Hofu plant of its first vehicle jointly developed with Ford (September).
- Hino Motors, Ltd. merges with Hino Motor Sales, Ltd.; new company retains English name of Hino Motors, Ltd. (October).
- 33rd Tokyo Motor Show: Passenger Cars & Motorcycles held at Makuhari Messe (October).
- Honda announces development of non-lead fuel tank to go on sale in 2000 in new-model cars (October).
- Honda announces achievement of automobile industry’s first vehicle that requires no landfill disposal at end of life (October).
- Nissan formally announces Revival plan centered on closing of the Murayama plant and four others and personnel cuts amounting to 21,000 employees (October).
- Toyota announces achievement of 87% level recycling efficiency, world’s highest, for ELVs (November).
- Isuzu and Hino announce agreement on establishment within three years of joint firm for bus business and consolidation of their bus R&D, purchasing and production divisions (December).
- Mr. Mark Fields appointed as president of Mazda (December).

INTERNATIONAL

- Mitsubishi Motors Corporation and France-based Peugeot agree on transfer of technology on fuel-efficient engines (January).
- New automobile industry trade organization AAM (the Alliance of Automobile Manufacturers) launched in United States (January).
- JAMA, AAM, ACEA, and EMA (Engine Manufacturers Association) issue joint proposal on global fuel quality (January).
- Toyota and Tianjin Automotive Industry (Group) Co., Ltd. announce application for formal permission from the Chinese government for transfer of production technology (January).
- Honda announces establishment of new joint venture company in Indonesia (February).
- Nissan Motor Co., Ltd. and France-based Renault formally announce agreement on equity tie-up (March).
- Toyota and U.S.-based GM announce agreement on joint research and development of advanced environmental technology (April).
- JAMA and EC open discussions in Brussels on emission reduction targets in the European market (April).
- Honda announces start of construction in Alabama on third complete vehicle plant in North America, to go into operation in 2002 (May).
- South Korea lifts restrictions on imports of Japanese vehicles after 21 years (June).
- Isuzu Motors Limited begins production of small diesel engines in Poland (June).
- Mitsubishi and Italy-based Fiat agree on joint development and production of four-wheel drive vehicles under Fiat brand (June).
- Mitsubishi begins production of compact RVs (SUVs) in Italy (June).
- Honda begins production of motorcycles in Cambodia (August).
- Toyota formally announces construction of transmission plant in Poland under name Toyota Motor Manufacturing (September).
- Japan and EU agree on export monitoring framework of 1,245,000 units (September).
- Isuzu agrees to supply new-type diesel engines to Fiat (September).
- Mitsubishi and Sweden-based Volvo formally announce equity tie-up (October).
- Isuzu, Suzuki, and GM announce development of next-generation vehicle (October).
- Honda established Honda Motorcycle & Scooter India (Private) Ltd.
- Nissan and Honda announce acquisition of SULEV (super ultra-low emission vehicle) certification complying with strict emission standards to take effect in California as of 2004 (November).
- Mazda and Ford announce production of new gasoline engine being developed jointly at four Mazda/Ford plants (November).
- Fuji Heavy Industries Ltd. announces equity tie-up with GM (December).
- Fuji Heavy Industries and GM announce GM investment of ¥140.3 billion into Fuji Heavy and acquisition of 20% of Fuji Heavy's shares; Fuji Heavy agrees to invest approximately ¥10 billion into Suzuki, taking possession of over 1% of Suzuki's shares (December).
- Mitsubishi announces signing of business tie-up with Volvo on cooperation in truck and bus operations (December).
- Honda begins production of compact passenger cars at joint four-wheeled vehicle plant in China (December).
- Nissan and France-based Renault announce beginning of Renault car production at Nissan's plant in Mexico (December).
- Honda and GM reach basic agreement on mutual supply of engines to GM Group (December).
- Toyota announces passage of 1-million-unit level in total annual North American production (December).

Member Manufacturers

DAIHATSU MOTOR CO., LTD.



Head Office:
1, Daihatsu-cho 1-chome
Ikeda City, Osaka Pref. 563-8651
Tel : (0727) 51-8811
Fax: (0727) 53-6880
Tokyo Branch Office:
2-10, Nihonbashi Hon-cho 2-chome
Chuo-ku, Tokyo 103-8408
Tel : (03) 3279-0813
Fax: (03) 3279-0038
Products: Cars and Trucks
Internet: <http://www.daihatsu.co.jp/>

FUJI HEAVY INDUSTRIES LTD.



Subaru Bldg.
7-2, Nishi-Shinjuku 1-chome
Shinjuku-ku, Tokyo 160-8316
Tel : (03) 3347-2111
Fax: (03) 3347-2338
Products: Cars, Trucks and Buses
Internet: <http://www.fhi.co.jp/>

HINO MOTORS, LTD.



Head Office and Hino plant:
1-1, Hinodai 3-chome
Hino City, Tokyo 191-8660
Tel : (042) 586-5011
Fax: (042) 586-5038
Tamachi Office:
11-3, Shiba 4-chome
Minato-ku, Tokyo 108-0014
Tel : (03) 3456-8811
Fax: (03) 3453-0174
Products: Trucks and Buses
Internet: <http://www.hino.co.jp/>

HONDA MOTOR CO., LTD.



1-1, Minami-Aoyama 2-chome
Minato-ku, Tokyo 107-8556
Tel : (03) 3423-1111
Fax: (03) 3423-0511
Products: Cars, Trucks and Motorcycles
Internet: <http://www.honda.co.jp/>

ISUZU MOTORS LIMITED



26-1, Minami-Oi 6-chome
Shinagawa-ku, Tokyo 140-8722
Tel : (03) 5471-1111
Fax: (03) 5471-1042
Products: Trucks and Buses
Internet: <http://www.isuzu.co.jp/>

KAWASAKI HEAVY INDUSTRIES, LTD.



Kobe Head Office:
Kobe Crystal Tower
1-3, Higashi Kawasaki-cho 1-chome
Chuo-ku, Kobe, Hyogo Pref. 650-8680
Tel : (078) 371-9530
Fax: (078) 371-9568
Tokyo Head Office:
World Trade Center Bldg.
4-1, Hamamatsu-cho 2-chome
Minato-ku, Tokyo 105-6116
Tel : (03) 3435-2111
Fax: (03) 3436-3037
Products: Motorcycles
Internet: <http://www.khi.co.jp/>

MAZDA MOTOR CORPORATION



Head Office:
3-1, Shinchi, Fuchu-cho
Aki-gun, Hiroshima Pref. 730-8670
Tel : (082) 282-1111
Fax: (082) 287-5190

MAZDA MOTOR CORPORATION (Cont'd.)

Tokyo Head Office:
1-7, Uchisaiwai-cho 1-chome
Chiyoda-ku, Tokyo 100-0011
Tel : (03) 3508-5056
Fax: (03) 3508-5094
Products: Cars, Trucks and Buses
Internet: <http://www.mazda.co.jp/>

MITSUBISHI MOTORS CORPORATION



33-8, Shiba 5-chome
Minato-ku, Tokyo 108-8410
Tel : (03) 3456-1111
Fax: (03) 5232-7477
Products: Cars, Trucks and Buses
Internet: <http://www.mitsubishi-motors.co.jp/>

NISSAN DIESEL MOTOR CO., LTD.



1, Oaza 1-chome
Ageo City, Saitama Pref. 362-8523
Tel : (048) 781-2301
Fax: (048) 781-7505
Products: Trucks and Buses
Internet: <http://www.nissandiesel.co.jp/>

NISSAN MOTOR CO., LTD.



17-1, Ginza 6-chome
Chuo-ku, Tokyo 104-8023
Tel : (03) 3543-5523
Fax: (03) 3546-2669
Products: Cars, Trucks and Buses
Internet: <http://www.nissan.co.jp/>

SUZUKI MOTOR CORPORATION



Head Office:
300, Takatsuka
Hamamatsu, Shizuoka Pref. 432-8611
Tel : (053) 440-2061
Fax: (053) 445-0040
Tokyo Branch Office:
Suzuki Bldg. Higashi-Shinbashi
2-8, Higashi-Shinbashi 2-chome
Minato-ku, Tokyo 105-0021
Tel : (03) 5473-1601
Fax: (03) 5473-1602
Products: Cars, Trucks and Motorcycles
Internet: <http://www.suzuki.co.jp/>

TOYOTA MOTOR CORPORATION



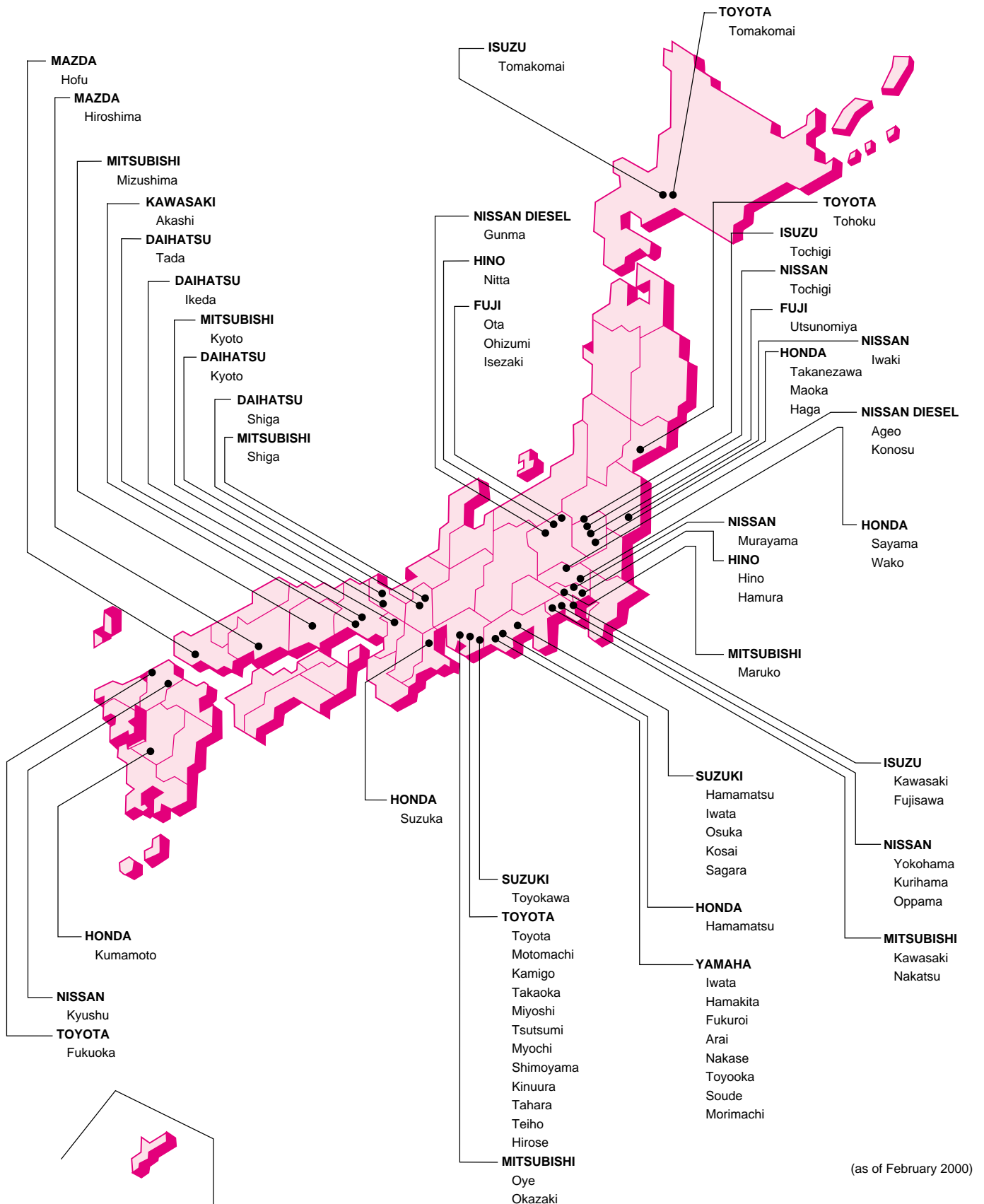
Head Office:
1, Toyota-cho
Toyota City, Aichi Pref. 471-8571
Tel : (0565) 28-2121
Fax: (0565) 80-1116
Tokyo Head Office:
4-18, Koraku 1-chome
Bunkyo-ku, Tokyo 112-8701
Tel : (03) 3817-7111
Fax: (03) 3817-9037
Products: Cars, Trucks and Buses
Internet: <http://www.global.toyota.com>

YAMAHA MOTOR CO., LTD.



Head Office:
2500, Shingai
Iwata City, Shizuoka Pref. 438-8501
Tel : (0538) 32-1115
Fax: (0538) 37-4250
Tokyo Office:
Youei Ginza Bldg.
8-5, Ginza 8-chome
Chuo-ku, Tokyo 104-0061
Tel : (03) 3571-8191
Fax: (03) 3574-9596
Products: Motorcycles
Internet: <http://www.yamaha-motor.co.jp/>

Plant Locations of Member Manufacturers in Japan

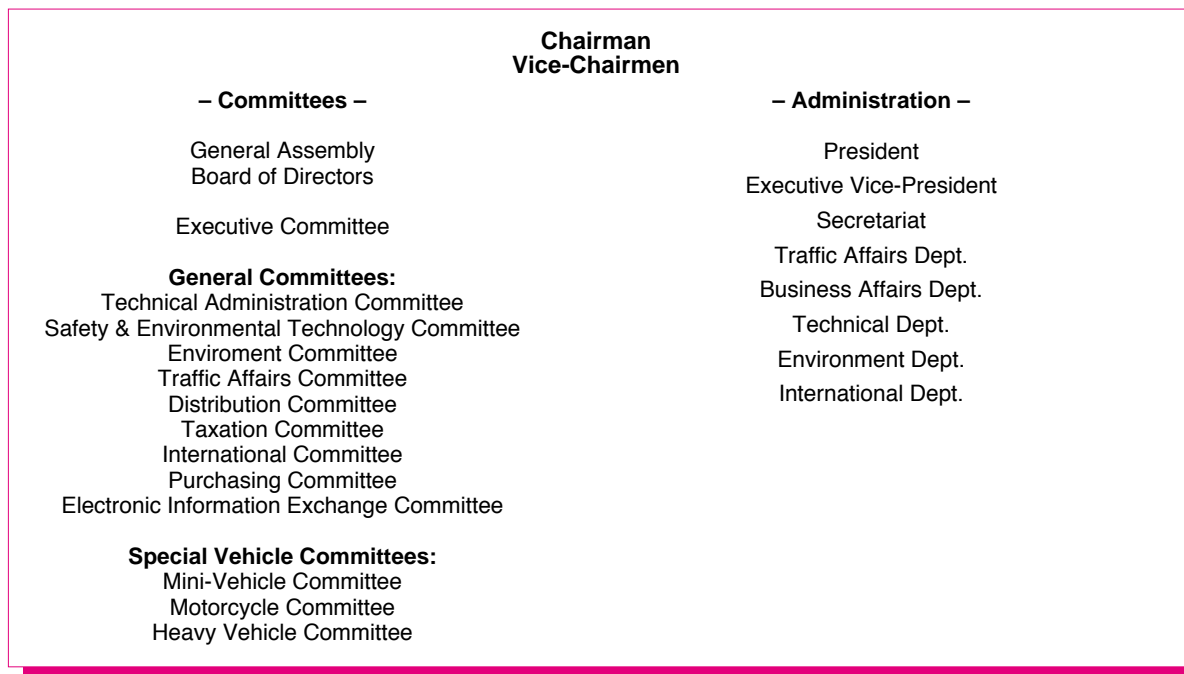


JAMA Organization and Information Services

The Japan Automobile Manufacturers Association, Inc. (JAMA) is a nonprofit trade association which was established in 1967. The organization is comprised of the thirteen manufacturers of cars, trucks, buses and motorcycles in Japan.

JAMA's activities are administered under the guidance of various committees composed of member-company representatives. The administrative structure of JAMA is headed by a

chairman, who is elected from among the chief executives of the member companies. Reporting to the chairman are five vice-chairmen, one of whom also serves as president; an executive vice president; and a secretary general. Final authority for decisions on JAMA's major activities and overall administration is vested in its board of directors.



JAMA INFORMATION SERVICES

Periodicals

Motor Vehicle Statistics of Japan

Historical compilation of Japanese motor vehicle production, export, and new registration statistics. Annual, in English.

JAMA FORUM

Independent commentary and interviews on issues involving trade and the international automotive industry. Quarterly, in English.

News from JAMA

Brief articles and current production, export, and new registration statistics. Monthly in French, English and German.

News from JAMA Motorcycle

News, views and developments related to Japan's motorcycle industry. Published quarterly, in English.

Japan Auto Trends

News, views and developments related to the Japan's automobile industry. Published in the U.S.A., quarterly in English.

Other Publications

The Japanese Automobile Industry—On the Move Toward Globalization

Facts, figures and trends relevant to local procurement, production and collaboration.

Japan's Auto Companies at the Millennium

A detailed look at how Japanese automakers' sales, employment and investment activities have made them a part of the fabric of America.

Japanese Automakers Contributing to Europe—Investing in a Common Future

A detailed look at how Japanese automakers are working within the European Community to build cars in Europe for Europeans.

Japanese Automakers' Cooperative Assistance [to ASEAN countries]

A detailed look at how Japanese automakers are working to promote the automotive industry in and with ASEAN countries.

A Better Environment for Future Generations

A summary of JAMA's basic guidelines concerning the environment and various measures JAMA members are taking in regard to environmental issues.

Videos

Man and the Automobile—A Look at the Future

A 20-minute video on recent technology trends in the Japanese motor vehicle industry. Statistics on production, sales and exports are also included. In Japanese and English.

Automobile Recycling in 1998—Towards the Technology of Tomorrow

A 20-minute presentation which reviews the industry's voluntary initiatives to further promote end-of-life vehicle recycling, explaining the latest technologies in shredder residue processing and other systems. In Japanese and English.

Internet: <http://www.jama.or.jp>

Note: Publications can be obtained from JAMA by contacting any of the offices listed inside the cover of this booklet. For information on video availability, please contact JAMA's head office.

Related Automotive Associations

Japan Motor Industrial Federation Inc. (JMIF)

Otemachi Bldg., 6-1, Otemachi 1-chome
Chiyoda-ku, Tokyo 100-0004
Tel: (03) 3211-8829 Fax: (03) 3211-5798
Internet: <http://www.motorshow.or.jp/>
Objectives: To organize the biennial Tokyo Motor Show, to publish books and to produce videotapes that promote the automotive industry.

Japan Auto Parts Industries Association (JAPIA)

16-15, Takanawa 1-chome
Minato-ku, Tokyo 108-0074
Tel: (03) 3445-4211 Fax: (03) 3447-5372
Objectives: To establish and promote policies to streamline parts manufacturing, and to research, develop and improve production engineering.

Japan Auto-Body Industries Association, Inc. (JABIA)

Kishimoto Bldg., 2-1 Marunouchi 2-chome
Chiyoda-ku, Tokyo 100-0005
Tel: (03) 3213-2031 Fax: (03) 3213-2034
Objectives: To research and promote policies to streamline auto-body manufacturing and assembly.

Japan Automotive Machinery and Tool Manufacturers Association (JAMTA)

Kikaishinko Bldg.
5-8, Shibakoen 3-chome
Minato-ku, Tokyo 105-0011
Tel: (03) 3431-3773 Fax: (03) 3431-5880
Objectives: To conduct research on the engineering technology of automotive servicing equipment and tools, and to disseminate the resulting information among its members.

Japan Electric Vehicle Association (JEVA)

22-15, Toranomon 1-chome
Minato-ku, Tokyo 105-0001
Tel: (03) 3503-3651 Fax: (03) 3503-8493
Objectives: To promote the utilization of electric vehicles, and conduct information-gathering and analysis on electric vehicles at home and abroad.

Japan Automobile Research Institute, Inc. (JARI)

2530 Karima, Tsukuba City
Ibaraki Pref. 305-0822
Tel: (0298) 56-1111 Fax: (0298) 56-1122
Tokyo Office:
Kanda Union Bldg., 25, Kanda-Nishiki-cho 3-chome
Chiyoda-ku, Tokyo 101-0054
Tel: (03) 3293-9123 Fax: (03) 3295-2386
Objectives: To conduct comprehensive research aimed at the long-range development of automotive technologies for vehicle safety and reduced emissions, noise and vibration.

Society of Automotive Engineers of Japan, Inc. (JSAE)

10-2, Goban-cho
Chiyoda-ku, Tokyo 102-0076
Tel: (03) 3262-8211 Fax: (03) 3261-2204
Objectives: To research, study and experiment in automotive science and technologies.

Japan Automobile Dealers Association (JADA)

7-17, Minami-Aoyama 5-chome
Minato-ku, Tokyo 107-0062
Tel: (03) 3400-8404 Fax: (03) 3400-8413
Objectives: To promote the use of automobiles and improve their distribution, thereby contributing to the development of the national economy.

Japan Automobile Importers Association (JAIA)

TBR Bldg., 5-7 Kojimachi
Chiyoda-ku, Tokyo 102-0083
Tel: (03) 3222-5421 Fax: (03) 3222-1730
Objectives: To establish orderly import transactions and advance the interests of member companies, thereby promoting the growth of automobile import businesses.

Japan Automobile Federation (JAF)

Kikaishinko Kaikan, Room 103
5-8, Shibakoen 3-chome
Minato-ku, Tokyo 105-0014
Tel: (03) 3436-2811 Fax: (03) 3436-3008
Objectives: To promote an understanding of traffic issues and traffic safety, protect the interests of members, encourage international friendship through automobiles, and develop motor sports programs, thereby contributing to the welfare of the public.

Japan Automobile Service Promotion Association (JASPA)

1-16, Moto-Akasaka 1-chome
Minato-ku, Tokyo 107-0051
Tel: (03) 3404-6141 Fax: (03) 3404-6478
Objectives: To promote the advancement of automobile service technologies and equipment, in order to help prevent automobile accidents and pollution.

Japan Automobile Standards Internationalization Center (JASIC)

TBR Bldg., 5-7 Kojimachi
Chiyoda-ku, Tokyo 102-0083
Tel: (03) 5216-7241 Fax: (03) 5216-7244
Objectives: To promote the harmonization of standards and to help improve standards certification systems in developing countries through the collection and dissemination of data on inspections, surveys, and related information.