

AUTOMOBILES IMPORTED FROM JAPAN

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ISSUE DEFINITION

In recent years, U.S. automotive imports from Japan have been increasing at an unusually rapid pace. During 1981, sales of automobiles from Japan totalled 1,858,913 cars for a drop of 2.6 % from 1980, but an increase over 1979 of 5.0% and over 1978 of 39.1%. In 1981, Japanese imports accounted for 80.0% of the total sales of imported cars which, in turn, averaged 27.3% of the American new car market in that year. This increase in competition from Japan has contributed to the financial distress of the Ford and Chrysler Corporations and to the large number of unemployed in the automobile industry and its suppliers. In August 1980, indefinite layoffs among auto workers peaked at nearly 250,000 persons. By June 1981, such layoffs had declined to 150,000 but by March 1982 had again exceeded 250,000.

Congress is considering measures to alleviate the situation and in June 1980 concurrently resolved to promote the competitiveness of U.S. industry in world automobile and truck markets. A bipartisan "Auto Task Force" was formed in the House on July 31 to focus attention on and seek solutions to the problems of the auto industry. On June 12, 1980, the United Auto Workers Union also petitioned the U.S. International Trade Commission (ITC) for relief under the Trade Act of 1974. On August 5, 1980, the Ford Motor Co. submitted a similar petition to the Commission requesting restrictions on shipments of Japanese-built cars and trucks to the U.S. The Commission shortened its investigation by about three weeks and on Nov. 10, determined that while imports were important in causing the problems of the auto industry, they were not as important as the recession and other factors. Hence, according to the Trade Act, import restrictions are not justified. The ITC is monitoring auto imports, however. The Trade Act allows the case to be reopened if necessary. Subsequent to the Commission's decision, efforts by Congress have shifted toward easing automotive regulations, imposing an import quota, requiring U.S. content in autos sold in large volumes, or providing incentives for consumers to purchase new, domestically produced autos.

On May 2, 1981, Japanese auto makers agreed to abide by a voluntary restraint agreement announced by the Japanese Government after consultations with the U.S. Special Trade Representative reducing passenger car exports to the United States by 7.7% to 1.68 million units during Japanese fiscal year 1981 (ending March 1982). On Mar. 29, 1982, Japan announced that the 1.68 million unit ceiling would be maintained for another year. In the third 12-month period, the Japanese Government is to monitor auto exports monthly to prevent any "export surges" to the U.S. market. (See Table 3.) Japan also has announced limits on exports of cars to Puerto Rico and station wagons to the United States.

As a result of the restraint agreement, automobile imports from Japan dropped from 1.99 million units in 1980 to 1.91 million units in 1981 (calendar year). The value of these imports, however, rose by \$1.3 billion -- primarily because Japan's carmakers shifted to more expensive models.

In July 1981, the United Automakers launched a major campaign to achieve legislation requiring that a certain percentage of the parts and labor in popular imported cars be local or of U.S. origin.

BACKGROUND AND POLICY ANALYSIS

The Japanese automobile industry is privately owned with the Big Two, Toyota and Nissan (Datsun), each producing more than 2 million units. Toyo Kogyo (Mazda), Mitsubishi (Arrow, Colt, Champ, Sapporo, Challenger), and Honda each produce about 1 million units, while Isuzu (Opel, LUV), and Fuji (Subaru) each produce less than a half million units. This \$40 billion-a-year industry is the world's largest exporter of cars and during 1980 surpassed the United States in terms of total auto production. It exports approximately half of its total output, with 45% of the exports going to the U.S. and 21% to Europe. American corporate ownership of Japanese automobile producers includes Ford with 25% of Toyo Kogyo, General Motors with 34% of Isuzu and 5% of Suzuki, and Chrysler with 15% of Mitsubishi.

Many Japanese view their country's automobile exports as important in generating the foreign exchange necessary to pay for their imports of food, energy, and raw materials.

During the 1950s and 1960s, the Japanese automobile industry received considerable protection as well as government subsidies and loans. Currently, however, the industry receives no special governmental financial assistance, although Toyo Kogyo (Mazda) was saved from bankruptcy in 1975 by a wide-ranging effort on the part of banks and both local and central governments. Japan has temporarily eliminated the tariff on imported passenger cars, although other taxes, handling costs, and alterations push up the prices on U.S. cars in Japan by 50 to 100% or more over U.S. effective retail prices.

A major criticism voiced by the U.S. automobile industry is that while Japan is able to export freely to the open U.S. market, her own market is still severely restricted. In 1981, Japan exported more than 400 times more passenger cars in the United States than the U.S. was able to export to Japan. The poor sales record of American cars in Japan (3,929 units in 1981) stems largely from special taxes, government inspection procedures, homologation (adaptation to Japanese requirements) costs, a poor distribution system, and their unsuitability to the Japanese market. Japan, however, has no import tariff on passenger cars. (The American tariff is 2.8%).

Japan's commodity tax is levied on all automobiles sold in Japan. It discriminates against larger imported cars, however, in two ways. The tax is 17.5% for cars with engines under 2000 cc, narrower than 1700 mm, and with a wheelbase less than 2700 mm but 22.5% for all other cars (including most American). It is applied to the factory price of Japanese cars but to imported cars after including transportation costs. Hence, imported cars generally pay the higher 22.5% rate on a larger base. The commodity tax is rebated on Japanese cars that are exported. With the rebate, therefore, exported Japanese cars carry a lower wholesale price than those sold in Japan's market. This is the major reason Japanese cars sell for about the same price in the United States as in Japan.

Other Japanese taxes that favor smaller cars are the biannual road tax which is levied according to weight at the rate of \$120 per ton and an annual road tax which ranges from \$94 to \$125 per year for cars with engines under 2000 cc and \$337 to \$613 per year for those over 2000 cc. Since most U.S. cars currently are relatively heavy and have engines over 2000 cc, the yearly

taxes on them are greater than for smaller Japanese cars.

Japanese safety and environmental standards differ from those in the United States, so U.S. cars must undergo modifications (referred to as homologation) after they reach Japan. These changes, some minor but others quite extensive, include exhaust heat shielding, low current overnight park lamps, overspeed warning devices, and a metric speedometer with a red ban at 100 km per hour. In 1979 this process cost between \$110 and \$535 for U.S. subcompact and compact cars.

The Japanese Ministry of Transportation requires extensive documentation to insure compliance with safety and environmental standards plus, for foreign imports, an inspection of each automobile imported. This inspection normally takes a full day. Together with the documentation, this approval process adds about \$200 to the price of each car.

American auto producers face severe problems of distribution in Japan because of the high price of land (prime real estate in Tokyo can cost \$50 million per acre) and the system of exclusive dealerships, whereby importers cannot "piggyback" on the dealer networks of the major Japanese producers. The Japanese Government, however, is challenging the policy of exclusive dealerships.

In January 1982, Japan announced several measures to ease certification requirements. It did not, however, adopt a manufacturers' self-certification system for safety and noise regulations.

The unsuitability of American cars to Japanese driving conditions is due to their left-hand drive and generally larger size which makes them difficult to handle on Japan's narrower streets. American cars, however, because of their high price are considered to be a luxury and have some snob appeal.

For the American automobile industry, however, even if some of the above barriers to sales in Japan were to be eliminated, large scale penetration of the Japanese market would still not be an immediate prospect. Exports of U.S. cars to Japan actually fell to 3,929 units in 1981 compared with 23,347 units in 1974 -- despite reduced trade barriers. American producers, therefore, are focusing on the U.S. market where they have the advantage over the Japanese. It is obvious to Detroit that even increasing exports to Japan by many fold will not generate the increase in sales that could be gained by recapturing some of the U.S. market. While the issue of Japanese barriers to imports of American automobiles will continue to be raised, it most likely will be used as a type of quid pro quo justification for restricting automobile imports from Japan.

Policy Analysis

7) — The legislative measures directed toward the automobile import problem take the following three forms: (1) to place quantitative restrictions on imported automobiles, (2) to encourage foreign automobile producers to locate in the United States through local content or other requirements, and (3) to provide incentives for consumers to buy domestically-produced automobiles.

Other U.S. Government actions include negotiations with the Japanese government to reduce impediments to sales of American automobiles in Japan and to encourage Japanese manufacturers to increase the use of U.S. parts in

Japanese cars, to voluntarily curb automotive exports, and to locate assembly plants in the United States.

The major arguments in favor of assisting the domestic automobile industry through protection or other measures are that (1) the economic, social, and financial costs of rising unemployment in the domestic automobile industry are great; (2) the loss in market share to imports could be permanent; (3) Japanese producers could be taking unfair advantage of a shift in consumer buying patterns that perhaps was not foreseen by the domestic industry; (4) the domestic industry appears to need only temporary protection while converting its production to smaller cars; (5) import sales are draining away potential profits that are needed by the domestic industry in its extensive retooling as well as research and development programs; and (6) the imbalance in automotive trade with Japan is a large component in the overall U.S. trade deficit and a possible source of weakness for the value of the dollar.

8 - The major arguments opposed to protecting the domestic industry through import restrictions include the following: (1) import restrictions would invite retaliation by other countries; (2) restrictions would deny the consumer freedom of choice; (3) restrictions would tend to raise the price of all automobiles, domestic as well as foreign; (4) they would encourage the purchase of less fuel-efficient automobiles thereby increasing the oil import bill; (5) they might not stimulate domestic production much, since a certain proportion of the consumers who would not be able to purchase an imported car under the restrictions would either drop out of the market or wait until the import became available; (6) they could be unnecessary, since domestic manufacturers will be able to compete directly with imports once their downsizing programs are complete; and (7) the major beneficiary of the restrictions would most likely be General Motors with its large market share and wider selection of fuel-efficient passenger cars, even though Ford and Chrysler appear to be the companies that have suffered the greatest financial losses because of import competition. Auto import restrictions also could cause Japan to purchase fewer U.S. agricultural exports, or they could cause the European Economic Community to demand similar concessions from the United States to alleviate the large U.S. trade surplus with Europe.

While curbing imports will assist domestic producers financially, it will not eliminate current auto unemployment. As a rule of thumb, producing 15 vehicles generates one job (man-year) in the automobile industry. If imported automobiles from Japan are reduced by 300,000 units (as implied by an import level of 1.6 million units) and if potential U.S. purchasers of imports all buy domestically produced automobiles instead, approximately 20,000 jobs would be regenerated in the auto industry.

Each job in the auto industry supports approximately 2.2 jobs in supplier industries. The maximum of 20,000 jobs in the auto industry would generate another 44,000 jobs (man-years) elsewhere in the economy. Total auto-related employment, therefore would rise by a maximum of approximately 64,000 persons. This assumes, however, that (1) imported auto dealers do not decrease their employment to compensate for fewer cars sold; (2) all potential buyers of Japanese cars who are turned away actually proceed with their purchase and buy a U.S. (and not European) car; (3) U.S. dealers do not meet any increased demand out of inventories; and (4) U.S. producers and dealers do not respond to import restrictions by raising prices.

If the above assumptions do not hold, the potential increase in employment will be less than 64,000 persons. A reasonable lower bound would be 10,000 jobs regenerated in the auto industry and 22,000 in supplier industries.

This would give a range of 10,000 to 20,000 jobs regenerated in the automobile industry and 32,000 to 64,000 jobs economy wide following a 300,000 unit reduction in imports of automobiles from Japan. Considering the 250,000 auto workers on indefinite layoff and the 8-9 million persons unemployed nationwide, auto import restrictions would not be expected to reduce materially either auto worker or national unemployment.

Much of the recent decline in U.S. new car sales appears to have been a result of the recession, high interest rates, consumer pessimism along with increased imports. The bulk of the increase in the market share for imports can also be attributed to a shrinking of the total new car market and not to an expansion in the volume of imports. During 1981, import sales of passenger cars fell by 242 units (-0.1%) from 1979. Sales by domestic producers, however, dropped by 2,109,326 units (-25.4%), because of the fall of 2,109,568 units (-19.8%) in total U.S. sales.

In July 1981, the United Autoworkers announced a renewed effort to achieve legislation requiring that a certain percentage of the parts and labor of cars sold in high volumes in the United States be produced domestically. As proposed, such a local content law would require that by 1985 auto companies with yearly sales above 200,000 units be required to have at least 75% North American content in their fleet. Companies with 500,000 units would have to have 90% local content.

Local content requirements would increase employment in the automobile industry and its suppliers, induce foreign automakers to locate in the United States, and raise profits for auto suppliers. They also would, however, require stringent import quotas to be enforced, tend to raise the cost of production for U.S. automakers, inhibit development of "world cars," invite retaliation by trading partners, require extensive bookkeeping, and limit the selection and number of foreign cars sold in the United States. The 75-90% content requirements, moreover, are virtually unattainable on a fleetwide average for any foreign auto manufacturer without severely restricting its product line. Volkswagen, for example, is approaching 75% American content for its Rabbits manufactured in the United States. Averaging in the Volkswagen models imported along with the Porsches and Audis, however, would drop the corporate U.S. content levels far below 75%.

Recently, the major Japanese automobile manufacturers have been moving to locate car assembly plants in the United States, despite higher labor costs (\$16.85 per hour in the U.S. as compared to \$7.76 in Japan), the difficulty of obtaining parts, and the danger that when the plants reach full production, there will be excess capacity for manufacturing small cars in the United States. A major factor in Volkswagen's decision to establish plants in the United States was the high cost of labor in Germany (\$13.66 per hour).

Japanese plans for manufacturing or assembly plants in the United States include the following: Honda has begun a \$220 million car plant in Marysville, Ohio, initially to produce 10,000 units monthly, beginning in 1982. Toyota plans to invest \$16 million in expanding its existing truck bed production plant in Long Beach, California to boost production from the present 8,000 to 13,000 units per month. It also has been discussing joint production of a minicar with General Motors. Nissan has begun construction on a \$500 million plant in Tennessee to assemble 156,000 small trucks annually.

Table 1 shows total sales of Japanese cars and light pickup in the United States for 1979-81. Note that gains have been made by most imports except

for Datsun and the captive imports sold under American brandnames.

Table 1
U.S. Sales of Imported Passenger Cars From Japan
1979-81

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Toyota	507,816	582,204	576,491
Datsun (Nissan)	472,252	516,890	
Honda	353,291	375,888	370,705
Mazda (Toyo Kogyo)	156,533	161,623	166,105
Subaru	127,871	142,968	152,062
Dodge Colt			
(Mitsubishi)	62,705	50,689	42,796
Dodge Challenger			
(Mitsubishi)	14,166	12,924	12,690
Plymouth Arrow/Champ			
(Mitsubishi)	48,860	55,474	42,128
Plymouth Sapporo			
(Mitsubishi)	12,322	10,263	13,326
Buick Opel (Isuzu)	13,815	--	
Isuzu	--	--	17,805
Total Imports			
from Japan	1,769,631	1,908,423	1,858,913
% of Total U.S. Sales	16.6%	21.3%	21.8%
Captive Imports			
from Japan(a)	151,868	129,350	110,940
Total Imports	2,325,477	2,395,070	2,325,235
% of Total U.S. Sales	21.9%	26.7%	27.3%
Total U.S. Sales	10,641,099	8,973,345	8,531,531

(a) Captive imports are sold under American nameplates.

SOURCE: Automotive News, Jan. 14, 1980, p. 34 and Jan. 11, 1982, p. 45.

Table 2
 Number of New Passenger Cars Sold, Percentage Change
 and Market Shares in the U.S. by Country
 1979-81

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Total U.S. Sales	10,641,099	8,973,345	8,531,531
Domestic Sales	8,315,622	6,578,275	6,206,296
Share	78.1%	73.3%	
Import Sales	2,325,477	2,395,070	2,325,235
Share	21.9%	26.7%	27.3
From Japan	1,769,631	1,908,423	1,858,913
Share	16.6%	21.3	21.8
From Germany	347,076	303,332	281,907
Share	3.3%	3.4	3.3
From Sweden/Norway	71,169	70,557	79,090
Share	0.7%	0.8	0.9
From Italy	64,547	42,284	35,554
Share	0.6%	0.5	0.4
From France	30,550	38,295	47,806
Share	0.3%	0.4%	0.6
From United Kingdom	42,504	32,179	21,965
Share	0.4%	0.4%	0.3

 Source: Based on Automotive News, Jan. 14, 1980. p. 34 and Jan. 11,
 1982. p. 45.

Table 3
Japanese Auto Import Limits
Established under the Voluntary Restraint Agreement
Apr. 1, 1981-Mar. 30, 1983

<u>Maker</u>	<u>Units per year</u>	<u>Estimated Change from 1980 (a)</u>
Toyota	517,000	-8.3%
Nissan (Datsan)	456,000	-8.8
Honda	348,000	-6.3
Mitsubishi	112,000	-10.4
Mazda	159,000	-8.6
Subaru (Fuji)	70,000	-9.0
Isuzu	16,800	+399.0
Unallocated	1,200	
Total	1,680,000	

Source: A.E. Cullison. Japanese Government Sets Auto Export
Quotas. Journal of Commerce, June 25, 1981. p. 1.

(a) Based on data from the American International Automobile
Dealers Association.

U.S. Imports from and Exports to Japan of New
Passenger Automobiles, 1970-81

<u>Year</u>	<u>U.S. Imports</u>	<u>U.S. Exports</u>
1981	1,911,525	3,929
1980	1,991,502	6,537
1979	1,617,328	14,920
1978	1,563,048	13,182
1977	1,341,530	13,592
1976	1,128,936	13,762
1975	695,573	14,842
1974	791,791	23,347
1973	624,805	11,419
1972	697,833	4,909
1971	703,672	5,024
1970	381,338	5,058

Source: U.S. Department of Commerce. U.S. General Imports,
Schedule A, Commodity by Country and U.S. Exports,
Schedule B, Commodity by Country, annual issues.

LEGISLATION

H.J. Res. 5 (Albosta)

Joint Resolution authorizing the President to enter into negotiations with foreign governments to limit the importation of automobiles and trucks into the United States. Introduced Jan. 6, 1981. Referred to the Committee on Ways and Means.

H.Con.Res. 80 (Pursell, et al.)

Concurrent resolution urging the President to enter into negotiations with Japan with respect to a temporary restraint in exports of automobiles to the U.S., an equitable relationship between prices charged in domestic and foreign sales; and elimination of trade barriers affecting purchase of American products. Introduced Feb. 26, 1981; referred to the Committees on Foreign Affairs and Ways and Means.

H.Con.Res. 177 (Fithian)

Concurrent Resolution urging the President to enter into trade negotiations with Japan with respect to the establishment of Japanese auto production facilities in the U.S. Introduced Sept. 10, 1981; referred to the Committee on Ways and Means.

H.R. 146 (Brodhead, et al.)

Amends the Internal Revenue Code to allow a refundable tax credit for the purchase of new automobiles manufactured by certain companies that have substantially increased their automobiles' fuel economy. Introduced Jan. 5,

1981; referred to the Committee on Ways and Means.

H.R. 1519 (Dunn)

Amends the Internal Revenue Code to allow an income tax credit for the purchase of certain new automobiles and for interest on any loan used for such purchase. Also allows for more rapid depreciation and other accounting changes. Introduced Jan. 30, 1981; referred to the Committee on Ways and Means.

H.R. 1823 (Traxler, et al.)

Imposes quotas on the importation of automobiles from Japan during 1981, 1982, and 1983. Introduced Feb. 6, 1981; referred to the Committee on Ways and Means.

H.R. 1954 (Brodhead, et al.)

Imposes a quota on the importation of automobiles during the 5-year period beginning with 1981. Introduced Feb. 19, 1981; referred to the Committee on Ways and Means.

H.R. 1999 (Seiberling)

Limits the number of imports during 1981-83 of automobiles whose average fuel economy does not meet specified requirements.

H.R. 2049 (Mottl)

Limits the number of imports of automobiles, trucks, and engines during each of the calendar years 1982-84 to 10 percent of the domestic consumption of those products during each such year. Introduced Feb. 24, 1981; referred to the Committee on Ways and Means.

H.R. 2063 (Traxler)

Amends Internal Revenue Code to allow a refundable tax credit for purchasing a new American-made passenger automobile. Introduced Feb. 24, 1981; referred to the Committee on Ways and Means.

H.R. 2208 (Hall et al.)

Amends Internal Revenue Code to allow a refundable tax credit for the purchase of a new automobile. Introduced Feb. 26, 1981; referred to the Committee on Ways and Means.

H.R. 2428 (Solomon et al.)

Amends Internal Revenue Code to provide an income tax credit for the purchase of a new highway vehicle. Introduced Mar. 1, 1981; referred to the Committee on Ways and Means.

H.R. 2478 (Traxler)

Establishes quantitative limitations on imports of autos and imposes restrictions on domestic sales of autos. Introduced Mar. 11, 1981; referred to the Committees on Ways and Means and Energy and Commerce.

H.R. 2552 (Murtha)

Imposes quotas on imports of autos from Japan during 1981-83. Introduced Mar. 17, 1981; referred to the Committee on Ways and Means.

H.R. 2830 (Ertel)

Imposes restrictions on any extension of credit for the purpose of financing the purchase of an auto which is principally assembled in Japan. Introduced Mar. 25, 1981; referred to the Committee on Banking, Finance, and Urban Affairs and Ways and Means.

H.R. 4669 (Hertel)

Amends title 10, U.S. Code, to restrict the purchase of foreign-made administrative motor vehicles by the Department of Defense. Introduced Oct. 2, 1981; referred to the Committee on Armed Services.

H.R. 5050 (Hunter et al.)

Imposes parity fees on autos imported from Japan. Introduced Nov. 19, 1981; referred to the Committee on Ways and Means.

H.R. 5133 (Ottinger et al.)

Establishes domestic content requirements for motor vehicles sold in the United States. Introduced Dec. 8, 1981; referred to the Committee on Energy and Commerce.

H.R. 5296 (Hertel et al.)

Prohibits a military department from purchasing foreign-made administrative motor vehicles except as specified. Introduced Dec. 16, 1981; referred to the Committee on Armed Services.

H.R. 5614 (Richmond)

Provides for fair trade between the United States and Japan. Introduced Feb. 24, 1982; referred to the Committee on Ways and Means.

H.R. 5616 (Schulze)

Imposes temporarily higher rates of duty on certain products of Japan. Introduced Feb. 24, 1982; referred to the Committee on Ways and Means.

H.R. 5667 (Dingel et al.)

Imposes quotas on imports of autos. Introduced Mar. 2, 1982; referred to the Committee on Ways and Means.

H.R. 5681 (St. Germain)

Denies depreciation deductions for tax purposes on imported highway motor vehicles. Introduced Mar. 2, 1982; referred to the Committee on Ways and Means.

S. 396 (Danforth, et al.)

Imposes a 1.6 million unit quota on the importation of automobiles from Japan during 1981-83. Introduced Feb. 2, 1981; referred to the Committee on Finance.

S. 674 (Quayle)

Amends the Internal Revenue Code to provide an income tax credit for purchasing an American-made automobile or light truck. Introduced Mar. 10, 1980; referred to Senate Finance Committee.

S. 973 (Riegle et al.)

Amends the Internal Revenue Code to allow a refundable tax credit for the purchase of new automobiles manufactured by companies which have increased average fuel economy ratings by a specified percentage since 1974. Introduced Apr. 9, 1981; referred to the Senate Finance Committee.

S. 1012 (Levin)

Amends the Internal Revenue Code to permit non-itemizing taxpayers to deduct interest expenses for financing a new fuel-efficient passenger automobile. Introduced Apr. 27, 1981; referred to the Committee on Finance.

S. 1773 (Danforth et al.)

Provides a tax credit for automobiles with airbags manufactured in the United States and an excise tax on any car (including imports) sold without such equipment. Introduced Oct. 26, 1981; referred to the Committee on Commerce, Science and Transportation.

S. 1887 (Danforth et al.)

Amends the Internal Revenue Code to impose an excise tax on the sale of certain autos without an automatic safety airbag. Allows a manufacturer tax credit for each such vehicle in which an airbag has been installed. Introduced Nov. 24, 1981; referred the Committee on Finance. Introduced Nov. 24, 1981.

S. 2139 (Levin et al.)

Amends the Internal Revenue Code to impose an additional excise tax on the sale of certain imported autos. Introduced Feb. 24, 1982; referred to the Committee on Finance.

S. 2194 (Riegle)

Imposes import quotas on autos from Japan during 1982-85. Introduced Mar. 11, 1982; referred to the Committee on Finance.

S. 2300 (Ford, et al.)

Establishes domestic content requirements for motor vehicles sold in the United States. Introduced Mar. 30, 1982; referred to Committee on Commerce, Science and Transportation.

S.J. Res. 5 (Riegle, et al.)

Joint Resolution authorizing the President to enter into negotiations with

foreign governments to limit the importation of automobiles and trucks into the United States. Introduced Jan. 5, 1981; referred to the Committee on Finance.

HEARINGS

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- Auto Situation, Autumn 1980. Hearing, 96th Congress, 2d session. Nov. 18, 1980. Washington, U.S. Govt. Print. Off., 1980. 224 p.
- U.S. Congress. Senate. Committee on Banking, Housing, and Urban Affairs. Subcommittee on Economic Stabilization. The Effect of Expanding Japanese Automobile Imports on the Domestic Economy. Hearings, 96th Congress, 2nd session, Apr. 3, 1980. Washington, U.S. Govt. Print. Off., 1980. 114 p.
- Committee on Finance. Subcommittee on International Trade Issues relating to the Domestic Auto Industry. Hearing. 97th Congress, 1st session. Mar. 9, 1981. Washington, U.S. Govt. Print. Off., 1981. 300 p.
- Issues Relating to the Domestic Auto Industry III. Hearing. 97th Congress, 1st session. Dec. 1, 1981. Washington, U.S. Govt. Print. Off., 1982. 235 p.
- Select Committee on Small Business. Small Business Automobile Dealers: Their Status and the Impact of Foreign Auto Imports on Them. Hearings, 96th Congress, 2d session, Apr. 3 and 21, 1980. Washington, U.S. Govt. Print. Off., 1980. 294 p.
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----- Automobile Domestic Content Requirements. Issue Brief No. IB82056, by Dick Nanto, May 18, 1982 (periodically updated). Washington, 1982. 10 p.

----- Imported Automobiles in the United States: their rising Market Share and the Macroeconomic Impact of a Proposed Import Restriction. CRS Report no. 80-157E, by Dick K. Nanto, and Craig Elwell Sept. 15, 1980. Washington, 1980. 59 p.

----- Trade Adjustment Assistance for Workers. Program Growth and Possible Changes. Issue Brief No. IB80082, by Richard Hobbie Aug. 22, 1980 periodically updated. Washington, 1980. 21 p.

CHRONOLOGY OF EVENTS

- 03/29/82 -- Japan continued auto export restraints of 1.68 million units for April 1982-Mar. 1983.
- 03/02/82 -- Senate Finance Committee held hearing on S. 1887.
- 03/02/82 -- House Committee on Energy and Commerce held hearing on H.R. 5133.
- 02/00/82 -- Net income for U.S. automakers in 1981 was: GM with profits of \$3333.4 million and losses of \$1,060 million for Ford, \$475.6 million for Chrysler and \$136.6 million for AMC.
- 01/11/82 -- Domestic car sales for 1982 at 6,206,296 units were the lowest in 20 years. Imports at 2,325,235 dropped back to 1979 level.
- 12/01/81 -- Senate Finance Committee held hearing on the auto industry.
- 10/15/81 -- On world operations for Jan.-Sept. 1981, GM reported profits of \$237 million, Ford a loss of \$714 million, and Chrysler a loss of \$436 million.
- 08/01/81 -- The Big Three U.S. automakers all reported profits for the April-June quarter of 1981.
- 07/24/81 -- U.S. and Japan discussed the 25% tariff on trucks imported into the U.S. with no resolution.

- 07/20/81 -- UAW President Douglas Fraser announced the beginning of a drive to achieve legislation requiring local content in automobile manufacturing.
- 06/24/81 -- The Japanese government set quotas by maker for autos to be exported to the United States.
- 06/12/81 -- Japan announced it would hold 1981 auto exports to Belgium, the Netherlands, and Luxembourg to 1980 levels and would limit growth in auto exports to Germany to 10 percent.
- 06/04/81 -- Japan announced it would voluntarily reduce shipments of automobiles to Canada to 174,000 units in (Japan) FY81, a reduction of 6%.
- 05/02/81 -- Japan agreed to voluntary limit its exports of passenger cars to the United States to 1.58 million units during the 12 months beginning Apr. 1, 1981, to 1.68 million units plus 16.5% of any increase in the total market during the next 12 months period, and to monitor such exports to prevent any surges during the third 12 month period.
- 04/06/81 -- The Administration announced a package of regulation rollbacks designed to save the auto industry \$1.4 billion over five years.
- 03/25/81 -- Japanese Foreign Minister discussed the auto situation with the President and other officials.
- 03/09/81 -- Senate Finance Committee held hearings on S. 396 and the current situation of the U.S. auto industry.
- 02/24/81 -- Japanese Minister of International Trade and Industry promised the Japanese Parliament that the worsening car war with the United States would be settled before Prime Minister Suzuki meets with President Reagan in early May.
- 02/05/81 -- U.S. Trade Representative Bill Brock voiced "hope" that Japan will restrain its car exports to the U.S.
- 01/14/81 -- Senate Finance Committee started 2 days of hearings on issues relating to the domestic automobile industry.
- 01/13/81 -- U.S. Department of Transportation issued a report on the U.S. automobile industry calling for the Government to negotiate an import restraint agreement with Japan.
- 12/29/80 -- The U.S. Attorney General wrote to Senator Levin that the Department of Justice agreed that the President has the constitutional authority to enter into negotiations with a foreign government seeking import restraints and such an agreement would not be an antitrust violation by the U.S. Government negotiations.

- 12/29/80 -- Office of the U.S. Attorney General stated that the President has the constitutional authority to enter into negotiations with foreign governments seeking import restraints and that such action would not be an antitrust violation by the U.S. Government negotiators.
- 11/10/80 -- U.S. International Trade Commission determined that imports are not a cause of serious injury to the domestic auto industry.
- 08/02/80 -- The applicable tariff on imports of light pick-up truck cab and chassis units changed from 4% to 25%.
- 07/08/80 -- President Carter proposed a Federal aid package of nearly \$1 billion to aid the domestic auto industry and ease its transition into smaller car production.