



Japan Machinery Center for Trade and Investment

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June 29, 2018

The Honorable Wilbur L. Ross
Secretary of Commerce
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Washington, DC 20230

Re: Section 232 Investigation of Imports of Automobiles and Automotive Parts

Dear Mr. Secretary:

On behalf of the 244 member companies of the Japan Machinery Center for Trade and Investment ("JMC"), I am writing to express our concerns regarding the U.S. Department of Commerce's ("the Department") investigation into the effects of imports of automobiles and automotive parts on the national security of the United States, pursuant to Section 232 of the Trade Expansion Act of 1962, as amended (19 U.S.C. 1862) ("the investigation").

JMC is a non-profit industry organization comprised of Japan's major electronics manufacturers, machinery manufacturers, and trading companies, including exporters of automobiles and automotive parts. The Japanese automotive industry has invested heavily in U.S. manufacturing, and these investments, as well as Japanese automotive exports to the United States, support the U.S. automotive industrial base and the U.S. economy more broadly. The Department therefore should conclude in this investigation that imports of automobiles and automotive parts from Japan do not threaten to impair the national security of the United States.

I. IMPORTS OF AUTOMOBILES AND AUTOMOTIVE PARTS FROM JAPAN DO NOT THREATEN TO IMPAIR U.S. NATIONAL SECURITY

The Japanese automotive industry not only exports automotive goods to the United States, but also invests heavily in U.S. manufacturing. Both of these activities benefit U.S. workers and consumers and strengthen the U.S. economy. For example, Japanese manufacturers of automotive parts supply high-quality products not only to the affiliates of Japanese



Japan Machinery Center for Trade and Investment

manufacturers in the United States, but also to U.S. automobile manufacturers, who like all automotive companies must utilize global supply chains in order to remain competitive.

By supplying high-quality automotive parts to both domestic and foreign-owned automobile manufacturers in the United States, Japanese automotive parts companies enhance the quality and competitiveness of American-made automobiles, thereby strengthening the American automotive industrial base and supporting U.S. employment in automobile manufacturing. As of 2017, Japanese-branded automakers alone directly employed 92,710 workers in the United States and invested \$48.3 billion in U.S. manufacturing operations.¹ These workers and manufacturing operations are an integral part of the American automotive industrial base, and are reliant on both American and Japanese-origin automotive parts in order to remain competitive. Far from imperiling the American automotive industrial base, imports of automotive parts from Japan contribute significantly to it and therefore do not threaten to impair U.S. national security.

Imports of finished vehicles produced in Japan also strengthen the U.S. economy, supporting hundreds of thousands of American jobs and several billion dollars' worth of U.S. economic activity annually. In 2015 alone, the Japanese-brand automobile companies' dealer networks directly employed approximately 375,000 U.S. workers and paid an estimated \$55.8 billion in compensation.² Adding indirect employment such as intermediary and spin-off to direct employment, the Japanese-brand automobile companies have a total employment effect of over 1.5 million U.S. jobs.³ These U.S. jobs are dependent on the availability of Japanese-origin automobiles and parts. Moreover, the "Big 3" American automakers are not in crisis or decline due to such imports, but in fact are thriving. Between 2009 and 2016, Ford, General Motors, and Fiat Chrysler increased their total U.S. production by 72 percent, 112 percent, and 220 percent, respectively, and these companies accounted for the majority of the 130,000 U.S. automotive manufacturing jobs added between 2011 and 2016.⁴ The U.S. automobile industry also currently utilizes more than 80 percent of its available production capacity, and capacity utilization in the industry has neared record-highs in recent years.⁵ These data strongly support a finding that automobile imports from Japan are not weakening the U.S. automobile industry or threatening to impair U.S. national security.

¹ <http://www.jama.org/japanese-automakers-2018-2019-u-s-contributions-report-fact-sheet/>

² http://www.jama.org/wp-content/uploads/2016/08/Prusa-JAMA-USA-Employment-Study_2015-TJP-Final.pdf

³ *ibid*

⁴ <http://www.americanautocouncil.org/sites/aapc2016/files/2017%20Economic%20Contribution%20Report.pdf>

⁵ <https://fred.stlouisfed.org/series/CAPUTLG33611SQ>

II. THE IMPOSITION OF IMPORT RESTRICTIONS UNDER SECTION 232 WOULD WEAKEN THE U.S. ECONOMY

The imposition of an additional tariff on imports of automobiles and automotive parts would increase the prices of both imported and American-made automobiles. American-made automobiles would become less competitive globally and less affordable to U.S. consumers, and the many U.S. businesses that rely on imported automobiles would suffer as well. Furthermore, because the automobile and automotive parts industries involve complicated and multi-layered supply-chain networks with a wide variety of associated industries, the negative impact of the additional tariffs would likely spread to other U.S. manufacturing sectors. Such actions would put at risk thousands of U.S. jobs in automotive manufacturing and other sectors throughout the country, and would weaken, rather than strengthen, the United States' economy and global competitiveness.

III. RELYING EXCESSIVELY ON NATIONAL SECURITY JUSTIFICATIONS WILL HARM US INTERESTS

Most automobiles and automotive parts have no plausible nexus to national security, and restricting imports of such products therefore cannot be justified under the GATT Article XXI national security exception. If the United States proceeds to restrict automotive imports on national security grounds, other countries eventually will rely on the same logic in order to restrict imports of specific products (*e.g.*, U.S. agricultural exports). Therefore, it is not in the long-term interests of the United States to restrict imports based on overly-broad definitions of “national security”.

IV. IMPOSING ADDITIONAL TARIFFS ON AUTOMOBILES AND AUTOMOTIVE PARTS COULD CAUSE WORLDWIDE TRADE WARS

The United States has already imposed additional tariffs on steel and aluminum imports as a result of other Section 232 investigations. This has already caused or may cause countermeasures at least by the European Union, Canada, Mexico and China, in the form of retaliatory tariffs against U.S. exports. Further, the United States intends to impose additional tariffs on certain imports from China in July 2018 based on Section 301 of the Trade Act of 1974. China has vowed to impose equivalent tariffs on U.S. exports as a countermeasure.

In these circumstances, if the United States were to impose additional tariffs on several hundred billion dollars' worth of imports of automobiles and automotive parts, U.S. trading partners very likely would impose equivalent retaliatory measures against U.S. exports. U.S. import restrictions and retaliatory measures of this scale would cause a slowdown in economic growth globally, and particularly in the United States, the European Union and Japan. These outcomes would not benefit the U.S. economy or national security.



Japan Machinery Center for Trade and Investment

V. CONCLUSION

The Department should conclude in this investigation that imports of automobiles and automotive parts from Japan do not threaten to impair the national security of the United States. The imposition of additional tariffs on automobiles and automotive parts would negatively impact the U.S. automotive industry and the U.S. economy as a whole, given the importance and multi-layered nature of modern supply-chains. Second, restricting U.S. automotive imports on national security grounds would encourage other countries to enact copycat measures, which would not be in the long-term interests of the United States. Finally, restricting U.S. automotive imports would likely prompt substantial retaliation by U.S. trading partners, causing a slowdown in global and U.S. economic growth.

We would be pleased to answer any question that the Department may have. JMC appreciates the Department's consideration of these comments.

Sincerely yours,

A handwritten signature in black ink, appearing to read "H. Kuramochi", written in a cursive style.

Haruhiko Kuramochi
Executive Managing Director
Japan Machinery Center for Trade and Investment (JMC)

See attached member list

JMC Membership

A&T Corporation	ABB Bailey Japan Limited	AMADA MACHINE TOOLS CO., LTD	AMITA COMPANY
AQUA Co., Ltd.	Accuphase Laboratory, Inc.	Aida Engineering, Ltd.	Akibo Corporation
Altia Co., Ltd.	Anzen Motor Car Co., Ltd.	Arimitsu Industry Co., Ltd.	Asia Trading & Service Co., Ltd.
AvantPower Japan Ltd.	Banzai, Ltd.	Brother Industries, Ltd.	CHUGAI ENGINEERING CO., LTD.
Canon Inc.	Casio Computer Co., Ltd.	Central Automotive Products Ltd.	Chiyoda Corporation
Chiyoda System Technologies Corporation	Chugai Ro Co., Ltd.	D&M Holdings, Inc.	DMG MORI SEIKI CO., LTD.
Daewoo International Japan Corp.	Daido Steel Co., Ltd.	Daihen Corporation	Daikin Industries, Ltd.
Denki Shoji Co., Ltd.	EARTHTECHNICA CO., LTD	Ebara Corporation	Ebara Environmental Plant Co., Ltd.
Fuji Electric Co., Ltd.	Fuji Xerox Co., Ltd.	Fujitsu General Limited	Fujitsu Limited
Funai Electric Co., Ltd.	GN Power Ltd.	Hanwa Co., Ltd.	Hirata Valve Industry Co., Ltd.
Hisaka Works, Ltd.	Hitachi Business International, Ltd.	Hitachi Capital Corporation	Hitachi High-Technologies Corporation
Hitachi Mitsubishi Hydro Corporation	Hitachi Zosen Corporation	Hitachi Zosen Fukui Corporation	Hitachi, Ltd.
Hitachi-GE Nuclear Energy, Ltd.	Hokuetsu Industries Co., Ltd.	Hosoda Trading Co., Ltd.	Howa Machinery, Ltd.
IHI Corporation	IHI Logistics & Machinery Corporation	ITOCHU MACHINE-TECHNOS CORPORATION	ITOCHU Plantech Inc.
ITOCHU Systech Corporation	ITOCHU Corporation	Ikegai Corporation	Ikegami Koeki Co., Ltd.
Iseki & Co., Ltd.	Ishikawa Seisakusho, Ltd.	Iss Machinery Services Limited	Iwatani International Corporation
Iyasaka Limited	JFE Engineering Corporation	JFE SHOJI TRADE CORPORATION	JFE Steel Corporation
JNC Engineering Co., Ltd.	JP Steel Plantech Co.	JTEKT Corporation	JVC KENWOOD Holdings, Inc.
Japan Machinery Company	Japan Overseas Railway System Association	Japan Radio Co., Ltd.	Japan Ship Exporters' Association
Jeol Ltd.	Jgc Corporation	Jtc Corporation	KDDI CORPORATION
KEYENCE CORPORATION	KOKUSAI PULP&PAPER CO., LTD.	KONICA MINOLTA, INC	KYOCERA Document Solutions Inc.
Kaji Technology Corporation	Kanai Juyo Kogyo Co., Ltd.	Kanematsu Corporation	Kanematsu Kkg Corp.
Kato Works Co., Ltd.	Kawajyu Shoji Co., Ltd.	Kawasaki Heavy Industries, Ltd.	Kawasaki Machine Systems, Ltd.
Keyser Mercantile Co.,(Japan) Ltd.	Kitamura Machinery Co., Ltd.	Kobe Steel, Ltd.	Kobelco Construction Machinery Co., Ltd.
Kobelco Eco-Solutions Co., Ltd.	Komatsu Ltd.	Kowa Co., Ltd.	Kubota Corporation
Kurimoto, Ltd.	Kurita Water Industries Ltd.	Kyokuto Boeki Kaisha, Ltd.	MARUBENI TECHNO-SYSTEMS CORP.
MEDIA LINKS CO., LTD.	METAWATER Co., Ltd	mitsubishi heavy industries ENVIRONMENTAL & CHEMICAL ENGINEERING CO., LTD.	MITSUBISHI HITACHI POWER SYSTEMS, LTD.
MITSUBISHI NAGASAKI MACHINERY MFG.CO., LTD.	Marubeni Corporation	Marubeni Power Systems Corporation	Marubeni Protechs Co., Ltd.
Maxell Holdings, Ltd.	Maxell, Ltd.	Meidensha Corporation	Mitsubishi Chemical Engineering Corporation
Mitsubishi Corporation	Mitsubishi Corporation Machinery, Inc.	Mitsubishi Corporation Technos	Mitsubishi Electric Corporation
Mitsubishi Heavy Industries Compressor Corporation	Mitsubishi Heavy Industries Engine & Turbocharger, Ltd.	Mitsubishi Heavy Industries Engineering, Ltd.	Mitsubishi Heavy Industries Machinery Systems, Ltd.



Japan Machinery Center for Trade and Investment

Mitsubishi Heavy Industries Machinery Technology Corporation	Mitsubishi Heavy Industries Marine Machinery & Engine Co., Ltd.	Mitsubishi Heavy Industries Thermal Systems, Ltd.	Mitsubishi Heavy Industries, Ltd.
Mitsubishi Kakoki Kaisha, Ltd.	Mitsubishi Mahindra Agricultural Machinery Co., Ltd.	Mitsui & Co., Ltd.	Mitsui Chemicals, Inc.
Mitsui E&S Engineering Co., Ltd.	Mitsui E&S Holdings Co., Ltd.	Mitsui E&S Machinery Co., Ltd.	Mitsui Miike Machinery Co., Ltd.
Mitsui Seiki Kogyo Co., Ltd.	Mitsui&Co.Plant Systems, Ltd.	Moritani & Co., Ltd.	Muranaka Medical Instruments Co., Ltd.
Murata Machinery, Ltd.	NEC Space Technologies, Ltd.	NIIGATA MACHINE TECHNO CO., LTD	NIPPON STEEL & SUMIKIN ENGINEERING CO., LTD
NISSHIN METAL WORKING CO., LTD	Nachi - Fujikoshi Corp.	NEC Corporation	Nihon Meiwa Co., Ltd.
Niigata Transys Co., Ltd	Nikon Corporation	Nippon Conveyor Co., Ltd.	Nippon S.T.Johnson Sales Co., Ltd.
Nippon Sharyo, Ltd.	Nishimura Shokai Co., Ltd.	Nishizawa Ltd.	Nissey Co., Ltd.
Nissin Electric Co., Ltd.	Nissin Ion Equipment Co., Ltd.	Nomura Micro Science Co., Ltd.	Nomura Trading Co., Ltd.
Noritake Co., Limited	Nsk Ltd.	Ntn Corporation	Nuflare Technology Inc.
Ohmi Industries, Ltd.	Okaya & Co., Ltd.	Oki Electric Industry Co., Ltd.	Okuma Corporation
Olympus Corporation	Omron Corporation	Panasonic Corporation	Pioneer Corporation
Plant Maintenance Corporation	Primetals Technologies Japan, Ltd.	Ricoh Co., Ltd.	SANKO AIR PLANT LTD.
SINFONIA TECHNOLOGY CO., LTD.	Sanki Engineering Co., Ltd.	Sanko Shoji Ltd.	Sanritsu Kosan Co., Ltd.
Sanwa Machinery Trading Co., Ltd.	Sasakura Engineering Co., Ltd.	Seika Corporation	Seiko Epson Corporation
Sharp Corporation	Shimadzu Corporation	Shin Nippon Koki Co., Ltd.	Shin Nippon Machinery Co., Ltd
Shin Wako Koeki Co., Ltd.	Shinkikaigiken Co., Ltd.	Shinsho Corporation	Sojitz Corporation
Sojitz Machinery Corporation	Sony Corporation	Sugikuni Industrial Co., Ltd.	Sumisho Machinery Trade Corporation
Sumitomo Corporation	Sumitomo Heavy Industries Finetech, Ltd.	Sumitomo Heavy Industries Material Handling Systems Co., Ltd.	Sumitomo Heavy Industries Modern, Ltd.
Sumitomo Heavy Industries, Ltd.	Sumitomo Metal Mining Co., Ltd.	Sumitomo Precision Products Co., Ltd.	TAIYO NIPPON SANSO CORPORATION
TEC Project Services Corporation	TOSHIBA PLANT SYSTEMS & SERVICES CORPORATION	TS TECH CO., LTD.	Taiheiyo Engineering Corporation
Taiyo Bussan Co., Ltd.	Taiyo Corporation	Takamatsu Machinery Co., Ltd.	Takeuchi Mfg.Co., Ltd.
Takuma Co., Ltd.	Tanaka Industries Co., Ltd.	Tex Technology Inc.	The Japan Steel Works, Ltd.
The Osaka Printing Ink Mfg.Co., Ltd.	The Rotel Co., Ltd.	Thernal Power Plant Engineering, Ltd.	ThyssenKrupp Uhde Chlorine Engineers Ltd.
Tokyo Boeki Engineering, Ltd.	Tokyo Machine & Tool Co., Ltd.	Torishima Pump Mfg.Co., Ltd.	Toshiba Corporation
Toshiba Energy Systems & Solutions Corporation	Toshiba Machine Co., Ltd.	Totsu - Soken Corporation	Toyo Corporation
Toyo Denki Seizo K.K.	Toyo Engineering Corporation	Toyota Tsusho Corporation	Toyota Industries Corporation
Tsudakoma Corp.	Tsukushima Kikai Co., Ltd.	Ube Machinery Corporation, Ltd.	Voith Fuji Hydro K.K
Voith IHI Paper Technology Co., Ltd.	Yamaha Corporation	Yamazaki Mazak Corporation	Yamazaki Mazak Trading Corporation
Yanmar Co., Ltd.	Yashima Bussan Co., Ltd.	Yaskawa Electric Corporation	Yuasa Trading Co., Ltd.

(As of June 2018)