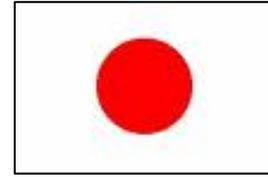


Japan

Capital: Tokyo
Population: 127,433,494 (2007 estimate)
GDP:* \$4.346 trillion (2007 estimate)
Currency: ¥ Yen
Language: Japanese



Summary

Japan, which accounts for an estimated ten percent of the world's total of approximately 700 million motor vehicles currently in use, is second only to the United States in terms of the number of motor vehicles on the road. Of the 75.7 million registered motor vehicles in Japan, 57.1 million are passenger cars, 16.7 million are trucks, and 230,000 are buses. Other specialized vehicles represent 1.6 million units. In the Japanese auto parts and accessories aftermarket, U.S. firms face stiff competition but there are significant opportunities in areas such as sports performance parts, aluminum wheels, shock absorbers, and new technologies such as components of intelligent transportation systems.

Market Entry

In August 1995, the U.S. and Japanese governments completed a comprehensive agreement (the "Automotive Framework Agreement") aimed at opening Japan's automotive sector to foreign companies. To date, the Ministry of Land, Infrastructure and Transport (MLIT) has completed many of the deregulatory actions outlined in that agreement. The framework agreement and MLITs have helped to open new markets for U.S. firms, especially in Japan's auto parts and accessories aftermarket.



While such progress is significant, independent entry into the aftermarket remains difficult. A long-term view of the market is necessary considering that any return on investment of time and money may not be immediate. An alternative method of entering Japan's aftermarket is OEM sales to a Japanese parts manufacturer or to a Japanese auto manufacturer. A fair number of foreign manufacturers (e.g., wiper blades, shock absorbers, spark plugs, window wipers, and air filters) have used this approach successfully.

Regardless of the product being brought to market, successful entry generally requires:

- Products of high quality backed by superior engineering and attention to detail;
- A superior image in the marketplace;
- The presence of top quality personnel in Japan for marketing and after sales service;
- An emphasis on product packaging;

Furthermore, a successful track record selling to a Japanese auto assembly plant in the United States (known as a "transplant") will help a U.S. supplier gain traction in the original equipment distribution channel in Japan.

Current Demand

Current market conditions are less than favorable for U.S. manufacturers seeking to become independent parts suppliers in Japan. However, there are certain aftermarket segments that appear to have some potential for U.S. manufacturers.



In the engine category, easily replaced products such as air filters, oil filters,

and spark plugs offer possibilities provided that the products have superior functionality and/or an exclusive brand name, which their Japanese counterparts do not have. In the chassis and drive train parts category, non-durable parts and components such as clutch disks, facings, pads, brake hoses, etc., are good markets for U.S. suppliers. Price is a major consideration for independently licensed garages, while brand and functional superiority are the major considerations for independent auto shops.

In the body parts category, parts such as wiper blades – with relatively few specification differences by car make – offer good opportunities for U.S. suppliers. Ease of replacement, price competitiveness, and brand image are key factors. In the electrical and electronic parts category, the market for non-durable and sporty accessories holds promise.

Resources

Ministry of Land, Infrastructure and Transport (MLIT) Website: <http://www.mlit.go.jp/english>
Ministry of Economy Trade and Industry (METI) Website: <http://www.meti.go.jp/english/index.html>
Japan Automobile Manufacturers Association (JAMA) Website: <http://www.jama-english.jp>
Japan Auto Parts Industry Association (JAPIA) Website: <http://www.japia.or.jp/en/index.html>
Auto Parts & Accessories Retail Association (APARA) Website: <http://www.apara.jp> (Japanese only)
Nippon Auto Parts Aftermarket Committee (NAPAC) Website: <http://www.napac.jp> (Japanese only)
Japan Auto Accessories Manufacturers' Association (JAAMA) Website: http://www.jaama.gr.jp/j_top.html (Japanese only)

Trade Events

International Auto Aftermarket EXPO 2009

Scheduled March 12 - 14, 2009

Venue - Tokyo Big Sight

Type: This is the only international trade show held in Japan to bring together various information and business opportunities related to the auto aftermarket in Japan and overseas. This exhibition aims to introduce auto aftermarket parts, suppliers and services from the U.S., Europe, Asia and other regions to companies and trade partners in Japan.

<http://www.iaae-jp.com/english/index.html>



The 41st Tokyo Motor Show 2009

Scheduled Fall 2009

Venue - Makuhari Messe, Chiba Prefecture

Type - The show aims to provide the maximum amount of information, all in one compact space where cutting-edge products and technologies gather, including many world premieres displays across a wide range of automotive categories.

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

Available Market Research

Japan: Motorcycle Industry (May 2008)

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