

OUR MASSIVE AUTO TRADE DEFICIT WITH JAPAN IS GROWING EVEN AS JAPAN'S DOMESTIC ECONOMY IS STAGNANT

- The Washington Post Editorial Board and others have suggested that the US-Japan automotive trade deficit is a thing of the past and concerns about it were “overblown in hindsight.” The fact is that the auto deficit is **larger today** than it was in the 1980s and had been **growing steadily** (until the global economic crisis in 2009 and earthquake/tsunami disaster of 2011). Japan is the second-largest source of the U.S. trade imbalance after China, and, in 2012, automotive products accounted for **more than two-thirds of the deficit**.
- The automotive deficit has expanded **notwithstanding Japanese economic stagnation** during the “lost decades,” reflecting the strategic importance of the auto industry to Japan’s economy.
- **Every** prior trade agreement has recognized serious, structural barriers to U.S. automotive parts exports to Japan but Japanese commitments under the agreements **have not resulted in removal of the barriers**. Survival of the Japanese auto industry – the heart of the Japanese economy – depends on a closed market at home and exploitation of markets abroad. **Japan has never negotiated that away**.

