

DDA 81-0659

25 March 1981

DDA/A REGISTRY

FILE: Vehicles

81-0659

The Honorable Martin Anderson
Assistant to the President for
Policy Development
The White House
Washington, DC 20500

Dear Marty:

Based on our previous conversation about why an American automobile costs much more than a Japanese car in the United States, following are some of the reasons.

There is a 20 percent import duty on American cars plus an additional license fee. American cars have to be redone in Japan to satisfy riding on the left as opposed to riding on the right side of the street. In addition, there are 85 different safety inspections that American cars must go through in Japan which is a great factor in raising the cost. Furthermore, the sellers of American cars add a profit of 25 percent onto their cost. So, when it all boils down, an American car in Japan probably sells close to 3 times what it sells for in the United States.

On the other side of the coin, the American duty on Japanese cars is 6 percent and there are no safety inspections or other fees.

Best personal regards,

Max

Max Hugel
Deputy Director
for
Administration

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