

Report from the first APEC Automotive Dialogue Intellectual Property Rights Seminar

The issue of Intellectual Property Rights (IPR) in the automotive sector is urgently becoming an important one for stakeholders in the region. This follows the increasing growth in cases of infringement of rights in design, patents, trademarks and utility models of parts and vehicles. According to data released a few years ago, it was reported that global damage from counterfeit and pirated products amounted to as much as 7% of total global trade value. In particular, about US\$7.5 billion is estimated to come from the machinery manufacturing industry in Asia, including the automobile industry.

In an attempt to highlight the weight of problems resulting from misappropriation of IPR in the automotive industry, the IPR Working Group of the APEC Automotive Dialogue (AD), at the end of 2006, proposed a seminar aimed at creating awareness and sharing information on IPR issues. This was endorsed and adopted by AD members which resulted in the successful organization of a working seminar titled 'Best Practices of Intellectual Property Rights Protection in the Automotive Sector' in Bangkok, Thailand, on 13th November.

The seminar saw speakers from the United States, Japan, Thailand, Korea, Australia and Indonesia sharing information ranging from the status of IPR protection and system in their countries, current efforts to address the problems, to policy suggestions.



Speakers and organizers of the seminar.

In his welcome speech, Mr. Chakramon Phasukavanich, the Permanent Secretary of the Ministry of Industry of Thailand noted that counterfeit automotive parts are making their way to OEM supply chain. He said that innovation and use of IPR are important to survive the threats of globalization, and for sound industrial development.

The Chair of the IPR Working Group of the APEC AD from the Ministry of Trade, Economy and Industry, Japan, reiterated the recommendations of the Best Practice Paper adopted at the AD in Bali in 2006. He reminded that thorough and effective border control by customs is one of the important steps to curb rampant growth of counterfeit products, and recommended the establishment of cooperative frameworks of concerned ministries and agencies.

The representative from the IP Subcommittee in JAMA briefed extensive efforts by the Japanese government and industry in addressing IPR problems in his keynote speech. JAMA recognizes that it is important

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to raise awareness among consumers to eliminate demand for counterfeit automotive products. To this end, JAMA has published leaflets, newspaper and magazine advertisements, posters within Japan and in overseas countries for consumer education. In addition, seminars and training have been organized for customs officers in China and the Middle East, in line with the best practice for better border control.

Concrete examples of counterfeit automotive parts and vehicles where design has been infringed were also shown during the presentation. Demonstrating visually the stark difference in performance levels in evaluation tests conducted on spark plugs, brake pads, oil filter, he drove home the message that use of counterfeit products compromises consumers' safety and health due to the inferior quality, which may lead to traffic accidents, not to mention environmental concerns too. For the manufacturer, such counterfeit products also pose the problem of affected brand image.

Next, the speaker from the US Embassy in Bangkok suggested in her keynote speech that rights holders adopt a longer term view and register their rights early and often. She pointed out that it is useful for rights holders to cooperate closely with government agencies in fighting counterfeits. Loopholes in the legal system should be closed to prevent its abuse, she said.

In the panel discussion that followed, the Department of Intellectual Property in Thailand emphasized the need to take a comprehensive approach, namely to further develop the creation, protection, utilization

and enforcement of IPR. In an aim to have wider outreach to various parties, the Department has drafted MOUs with Department of Foreign Trade, Consumer Protection Board, Customs, Excise department, Revenue department etc. It was explained that cooperation with these organizations would lend support in the prosecution of counterfeit products.

From the Korean Intellectual Property Office (KIPO), the speaker spoke on the improvements in laws in Korea, which include stiffer penalties, easier calculation of damages from infringing products, and introduction of prohibition rules against unfair competition practices. There is also a unique counterfeiting report center where the public can report via the phone or the internet with anonymity.

The representative from Australian Embassy echoed the view shared by speakers on the importance of information sharing. He introduced the online database where resources from IP offices in the APEC region can be accessed from 2008.

Finally the Indonesia Motorcycle Industry Association (AISI) representative stressed the need to close the gap between the reality of the situation and the ideals.

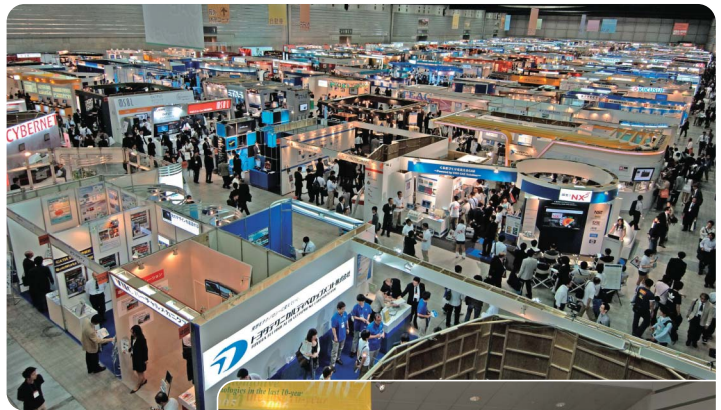
In the wake of growing problems posed by IPR infringements in the automotive industry for the government, industry players as well as consumers, the seminar is indeed a timely and an important step taken by all the APEC economies. Such global cooperation among stakeholders is necessary to eliminate the further outspread of the problems. JAMA looks forward to working closely with the APEC economies in further initiatives in this aspect.

Friends of JAMA

Society of Automotive Engineers of Japan (JSAE) Supporting Automotive Engineering in Japan for 60 Years

Last year, the Society of Automotive Engineers of Japan (JSAE) reached the milestone of its 60th anniversary. JSAE was founded shortly after the war, in 1947, by the heads of Japanese automotive companies who recognized that “the training of engineers is vital to supporting the development of the motor industry”. The organization was set with the aim of “creating a body which could build closer bonds between the industry and educational institutions”. The JSAE is run by 40 technical committees that cover all aspects of automotive engineering, and over 1000 researchers and engineers annually work to provide opportunities for communication and cooperation in the field of engineering.

When the JSAE was first set up, there were a mere 1500 members. But membership has now grown to over 42000 (over 2000 of whom are students), making it the largest single academic organization for science and engineering in Japan. JSAE acts as the point of contact for issues relating to Japanese technical standards, i.e. the Japan Industrial Standards (JIS) and International Organization for Standardization (ISO) which relate to the automotive industry, along with the Japanese Automobile Standards (JASO) and the ITS connected to the ISO. In addition to this, JSAE is also an active and influential member of the International Federation of Automotive Engineering Societies (FISITA) and a participant in the Asia Pacific Automotive Engineering Conference (APAC).



The Automotive Engineering Exposition 2007



The executive director of JSAE, Sekio Higuchi

In this edition of Friends of JAMA, News from Japan spoke to the executive director of JSAE, Sekio Higuchi, asking him to explain more about the activities of JSAE in Asia.

internationally. Could you tell us more about the organization’s current activities in Asia?

Sekio Higuchi: JSAE holds annual congresses in spring, summer and autumn. I would like to talk about the spring congress. This is comprised, broadly speaking, of two main events. One of these is the Technical Paper Presentation, and the other is the Automotive Engineering Exposition. At the 2007 Technical Paper Presentation, 4500

NFJ: JSAE is active not only in Japan, but also

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people participated over a 3 day period, and a total of 65000 people attended the Automotive Engineering Exposition.

At the Automotive Engineering Exposition, there were exhibits by governmental bodies from the UK, Belgium, France and Spain, displays by American and German companies among others, and China indicated that it would like to exhibit at future events. As 2007 marked the 60th anniversary of the founding of JSAE, the event was on a very large scale, with Societies of Automotive Engineers from all across Asia, including China, Korea, Thailand, Indonesia, Sri Lanka and Vietnam participating along with the SAE from the USA and the chairman of FISITA. At the spring conference in 2008, a Japan-China Automotive Technology Forum is scheduled to take place. In order to further develop the network of Asian exchange students, we have extended invitations to students to the spring conference, and we are planning for them to participate in lively discussions.



NFJ: I understand that JSAE is working on developing overseas cooperation and taking a leading role in building links with the SAEs in other countries in Asia. It is interesting to see that JSAE is also promoting communication and exchange in a wide variety of ways with promising students, not only from Japan, but from all over Asia. What other kinds of initiatives is JSAE involved in?

Sekio Higuchi: One thing which we are putting a lot of energy and effort into is the Student Formula

SAE Competition of Japan. 2007 saw the fifth annual competition, where student teams take the initiative to search for sponsors and raise funds for themselves. They work to obtain the engine, design and construct a formula-style racing car. The competition tests their overall ability to develop something new, thinking of such factors as planning, costing the project, and actually driving the car.

Finding sponsors teaches participants entrepreneurial skills and, as an exercise, its value is widely recognized. Apparently, this has become one way for automobile manufacturers to discover promising talents for the future.

In the 2007 event, 3 teams came from Korea, 1 team came from Taiwan and, along with teams from all across Japan, there were a total of 59 participating teams. Over 3000 people took part in the competition event, which was a model of how the industry and academia can team up. For instance, over 300 departmental heads and section chiefs from automobile manufacturers contributed by working with the students for a week. In previous years, we had invited Asian students to the spring congress. In order to boost the number of Asian students participating in our events, we decided to invite these students both to the competition and to the seminar on automotive development and fabrication. In addition,



Sophia University, the winner of the 5th Student Formula SAE Competition of Japan in 2007



Group photo of participants to the competition in 2007

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Car Development / Fabrication Guide, which is the text of the seminar, are unique, even looking from a worldwide perspective. It is a practical publication which attracts a huge amount of attention. Last year, students from India, Indonesia, Sri Lanka, Thailand, Vietnam and China came to Japan to observe this competition and seminar. We even had three university professors from Thailand last year, so we are expecting even more people to attend from next year so that this Competition may become an educational hub event of Asia.

Competitions of this type, which started in America, have begun to take place in countries all over the world, including the UK, Australia, Italy, Brazil and Germany, with Russia also planning to host such an event. In 2006, the FISITA World Automotive Congress held in Japan after a three-decade hiatus gave the opportunity for the first World Cup for the Student Formula SAE Competition (2006 FISITA Formula SAE World Cup), with winning teams representing regions. Last year, the 2nd FISITA World Cup was held in the UK, and it is scheduled to be held again in the USA and Australia.

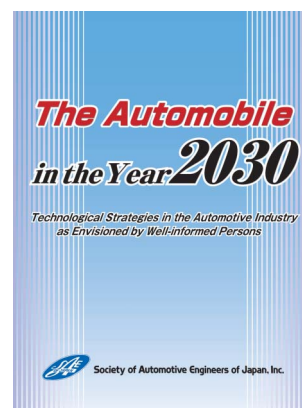
For the World Cup, FISITA offers up to 10,000 Euros to the teams which won their regional competitions and go on to represent each different region of the world.

NFJ: It truly seems that the goals of JSAE to create closer links between the automotive industry, students and government bodies and to produce a new generation of engineers are evident in all these activities. On a different note, in the Nikkan Jidosha Shimbun (the daily newspaper for the automobile industry), I read an article on “The Automobile in the Year 2030”. Am I right in thinking that this was also the result of the work of JSAE?

Sekio Higuchi: That’s right. Originally a report was commissioned in 2000 by the Ministry of International Trade and Industry (now called the Ministry of Economy, Trade and Industry). This report on the automobile industry and automotive engineering was produced through cooperation between industry, academia and government, and was called “The Automobile in the Year 2025”. Last year, revisiting and revising that report, we got experts to make predictions about how automotive engineering would change by 2030, which was brought together into a new publication. Its contents include the results of a survey entitled “What Drivers Want from the Car of the Future”, as well as experts opinions on topics such as “Making the 2-Litre Car a Reality (Fuel Consumption of 50km to the Liter)”, “The Possibility of the Zero-Emission Car”, “Reducing Noise”; “Promoting the Saving of Natural Resources”, “Halving Accidents and Fatalities on the Roads” and “Realizing the Multi-Media Marketing of Automobiles”. For anyone who is interested, there is an English version available of

this report, entitled “The Automobile in the Year 2030”.

NFJ: Thank you very much for taking the time to speak to us today.



Cover page of
The Automobile in the year 2030
 *Contents of The Automobile in the Year 2030
 What Users Want in a Future Car
 Implementation of a 2 Liter-Car
 Achievement of Zero Emissions
 Noise Reduction
 Promotion of Energy Conservation
 Reducing Number of Accidents, Injuries, and Death by One-Half
 Implementation of Media-free Vehicles



JASO Standard CD-ROM

PART 3 From the Sidelines***A Look Back on the Tokyo Motor Show***

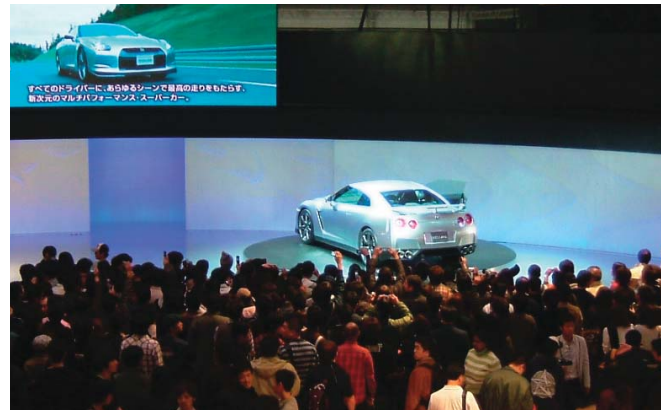
The 40th Tokyo Motor Show was held in autumn last year. The event drew a total of 1.42 million visitors, fewer than the number of visitors to the previous show held in 2005. As a staff member of the association responsible for organizing the Tokyo Motor Show, I consider this unfortunate.

For some time now, the phenomenon of Japanese young people's "dissociation from cars" (*kuruma-banare* in Japanese) has been noted and it is one reason for the lack of growth in Tokyo Motor Show attendance. With many young adults in Japan now spending their money on mobile phones, video games and other electronic paraphernalia, they naturally have less to spend on cars. The vast number of leisure options available to them is also drawing their attention away from cars and car use. In short, young people's interest in automobiles has declined and cars are now a lower priority for them.

In contrast, most boys when I was growing up had a keen interest in cars and aspired to own one some day. In 1970, the national average for household vehicle ownership stood at 32% (in 2006, this figure reached 111%). Less than 40 years ago, in other words, private owners of automobiles were a minority. This period also coincided with what was known as the "super car boom," when boys all over Japan longed to get behind the wheel of a Ferrari, a Lamborghini or a Porsche. Those exquisite, dream-inducing sports cars were obviously totally beyond the reach of ordinary consumers, but the lively interest in them did exert a significant influence on young people. In my case, so-called super cars came to represent a benchmark of all that was beautiful and "cool," helping to shape my aesthetic sense and assessments thereafter.

To get back to the Tokyo Motor Show last fall: According to a survey conducted by a motor-trade journalist at that time, 98 out of 100 pre-school children who were asked to draw a picture of a car drew either a multi-purpose vehicle or a basic "people-carrier." In the early 1990s, vehicle models designed to appeal to consumers' more varied lifestyles began to sweep the market. Ironically, this trend

resulted in individual models losing many of their distinctive characteristics.



At any rate, for quite some time the prevailing view in Japan has been that car ownership is no longer something that is "aspired to." Cars are basic commodities, period. Interestingly, however, the vehicle that attracted the most attention at last year's Tokyo Motor Show was the Nissan GT-R. I wonder if this signals the beginning of a shift in interest towards, once again, cars that are sleek and smart and "cool."

Kuruma-banare may not elicit much of a response in countries where rapidly expanding motorization is a relatively recent phenomenon, but it represents one of the fundamental challenges now facing the Japanese automobile industry on the home front. And it causes me to ponder what a sad thing it would be if children today were to grow up never once experiencing "cool-car appeal" or the pleasure and freedom of being able to drive wherever they want.

In order to ensure a sustainable future for mature vehicle markets, environmental performance and road safety are of course essential issues. But, in addition, I believe that my generation—not the first to dream about cars, and I hope not the last—must think about how to communicate the joy of motoring to coming generations.

By: Shinichiro Oka

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