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Auto bailout: By all means but where are the solid reforms?

WASHINGTON, D.C., Nov. 26 (PinoyGlobal) - Car manufacturing, like the housing market, is one of the top job creators in any economy. The sub-industries connected to it could be endless.

There are 1,700 to 2,200 parts in an average vehicle, so that alone will give you a fair idea of how many factories collaborate just to put one vehicle on the road. And when they are there, how many shops and business are there to service it during its life? How many other products are there that are related to motoring like traffic lights, guard rails and Jersey walls, highways and rest stops, motels and restaurants, parking lots, gas stations and tire shops, restrooms and car washes, oh really endless...?

I am sensitive to the issue of auto bailout because I was involved in the automotive industry in the Philippines for twelve years. While most of that time were in marketing, the Japanese made sure I knew my product knowledge by training me for a combined 18 months in Tokyo and Nagoya, including such basics as disassembling and assembling a car engine.

When the industry collapsed in 1984, I had invested many years in the development of the Toyota Tamaraw. Some of my concept designs in Asian Utility Vehicle (AUV) category, resemble derivatives like the Revo and Innova that came out many years after I left the industry. So this is where I am coming from.

Yes, here is no doubt that the American automotive

industry must be bailed out. In fact it must be funded further to make sure that American cars are not only pleasing, efficient and durable but that they would be marketed abroad. That said, American dollars should also be invested to collapse protectionism abroad, if not then there should be a move to introduce protectionism in-country, but moderated.

Why? Because the Japanese market subsidizes the loss in profit margins experienced by Japanese products abroad, and that is why they can sell lower in foreign markets. On top of that, their "customer-first" philosophy has enabled not only good products but best product mixes. For instance, Toyota alone has the low-priced Scion, the mid-priced Toyotas and the premium-priced Lexus.

American cars have also greatly improved. But they trade their access to hybrid models for more market access within the US., for instance the Vibe is really a Matrix, the small Ford SUV is a Mazda etc. The American auto industry must redefine its vision along lines what is good for the American consumer and not just follow the lead of the Japanese, a self-induced mentality of cannot-lick-them-so-join-them that has worked in favor of the import rather than the importer.

The American car executive must also resist its tendency to transplant its obese values to the product. A few years ago, Detroit sent the gas guzzlers to their graves - remember those hotdog-looking station wagons. Well they are back in

today's bloated SUVs. As a result, markets disappear when the fuel environment changes as what we have experienced since four years ago. And now that the public have been traumatized, who in his right mind would buy a Hummer?

When the Americans cannot compete with the Land Cruisers, they made the Expedition. Not content with that they introduced the Excursion. While they were doing this, the Japanese maneuvered to enable an SUV to match every pocket. Toyota alone has the Scion Xb and Xd, the Rav4, the Highlander, the Forerunner, the Lexus 300, the Land Cruiser, the Lexus 470.

Not content while Detroit was distracted on the big SUV race, the Japanese relentlessly pursued its green models giving birth to the Prius and the Matrix, thus paying off in gold when the gas pumps went as high as \$4 to a gallon. As a result, I think Toyota now controls 56% of the hybrid market. They know Americans always wants to think big, faster but nowadays whose pockets can go as and big and rapid as their cars? They sure look awesome, but who can pay the monthly installment or lease in a recession.

There should also be a stimulus package that can be designed when one buys an American car product. Why, the US government subsidizes its

farmers, so why not its industrial workers by way of incentives for patriotic consumers. If the citizenry do not benefit, they will not patronize - that is a key value I learned from an American auto dealer from California in the late 70s. People, in the final analysis, buy benefits not products.

Technology-wise there is no reason why the American cannot now compete with the Japanese and the Koreans. But American national pride must form part of the recipe to make their products sell and last in the market. Every Japanese value the CEO as their "sacho-san" or an equivalent of a demi-god. but sachos are also expected to commit harakiri when they fail their corporate community and the nation.

Finally, the greed that underscored Wall Street is also true to Detroit. Top-level auto officials must be paid in accordance to the value they serve their industry. The corporate pay must be restored to meritocracy. Burn the poofers, publish their names and make them famous. For heavens sakes CEOs - crash those corporate jets and just drive to Washington DC for the Congressional hearings!

The world renown true American spirit is not evident in the American car products. But the American wants are, and that is why a complete rethinking is in order. #