INDUSTRY TRENDS

MORE SOUTH KOREAN IMPORTS ARE HEADED THE U.S.'S WAY

More cars will be entering the United States from South Korea by 1993. According to South Korean government and industry officials, the country's four major automobile makers plan to more than double their production capacity to 3.42 million vehicles by 1993. Many of these cars will be exported to the United States, they said.

Hyundai Motor Co., South Korea's largest car maker, plans to build a plant with production capacity of 360,000 vehicles by 1993. This facility will bring the company's total capacity to 1.1 million vehicles.

The No. 2 auto maker and exporter of General Motor's Le Mans subcompact, Daewoo Motor Co., has plans to triple its production capacity to 1.45 million by 1993. This expansion, if successful, will make the company the largest car maker in South Korea surpassing Hyundai.

Kia Motor Co., the source for Ford Motor Co.'s Festiva subcompact, is also planning an expansion. The No. 3 manufacturer is currently building a plant that will be producing 300,000 cars by 1991.

Finally, Ssangyong Motor Co. is planning to enter the passenger car market for the first time. Owned by the Ssangyong group, one of South Korea's largest conglomerates, the company specializes in "Korando" jeeps.

AUTO MAKERS RESPOND TO PUBLIC DEMAND FOR SAFETY

U.S. auto makers are finding new ways to make their cars safer. In response to rising public concern about automobile safety, several major automobile manufacturers are introducing new safety features on the cars they are producing.

For instance, Chrysler Corp. has announced that it will put air bags in all its U.S.-built cars by 1990. Meanwhile, General Motors Corp. has formed an in-house medical team researching ways to decrease the number and seriousness of crash injuries. Both companies, as well as Ford Motor Co., are in a race to offer state-of-the-art, skid-prohibitive braking systems.

Suddenly, a whole new generation of automobile safety features is in the works. Manufacturers are working hard to perfect equipment such as antilock brakes, four-wheel steering, self-leveling suspensions, fighter jet-style instrument displays and electronic collision-avoidance systems.

Though none of these things are inexpensive, a growing number of consumers are demanding new and improved ways to protect themselves from injury. Just how much consumers will have to and are willing to pay for the new safety equipment remains to be determined.

EUROPE WARNED AGAINST IMPOSING CAR IMPORT RESTRICTIONS

As the U.S. dollar has weakened against European currency, the prices of American-made products, including cars, have fallen in overseas markets. To capitalize on this situation, American automakers have begun exporting more and more cars to Europe, and U.S. auto industry officials have warned it would be unwise for Europe to impose any kind of import restrictions.

There has been speculation on the possibility that, after the Common Market countries adopt closer economic ties in 1992, Europe will impose car import restrictions.

Concern has also been raised that efforts made to curtail the growth of Japanese imports will adversely affect the ambitious export program planned by American auto makers. There has been discussion of several measures the Europeans might take to protect their automotive market from the influx of Japanese imports. These measures include fixing the export-import ratio at 2-to-1 and requiring that Japanese cars assembled in Europe have 80% local content before they are counted as European cars. U.S. car manufacturers are worried any restrictions placed on Japanese imports will ultimately affect American-made cars in Europe. There has already been debate over whether imports—including those from the United States—should be capped at 15% of the European market. Japanese cars now account for 11%.

Thus far, only France and Italy have imposed severe restrictions on the import of Japanese cars.

STUDY ON SAFETY BELT-USE LAWS HAS GOOD AND BAD NEWS

A recent insurance industry study of insurance claims has found that the increased use of safety belts is reducing serious injury and deaths in auto accidents, but it is not necessarily reducing auto accident injuries overall.

Conducted in eight states where motorists are required to wear safety belts, the study found no clear evidence that belt-use laws have reduced auto accident injuries. While some states saw a decrease in injury claims, others experienced an increase.

The study, which surprised many with its results, suggested several reasons why the belt-use laws did not have a greater effect on the overall number of injuries:

- A majority of insurance claims are for minor injuries, while safety belts are designed to prevent more serious injuries.
- Many claims may have been made by those who were in the car but not subject to belt-use laws such as rear seat passengers.
- Many insurance claims may have been for relatively minor injuries that are expensive to treat.
- Some of the effects of the belt-use laws could have been masked by the usual year-to-year fluctuations of accident and injury statistics.