

Bloomberg Businessweek

Detroit Auto Show: Dude, Where's My Pickup Truck?

By Kyle Stock

January 14, 2015

For decades, the American truck has been untouchable—as much a quirk of international tax law as anything the automakers did right. In 1962, frustrated by a glut of U.S. poultry, the European Economic Community began taxing chicken imports. The U.S., in turn, levied a 25 percent tariff on a wide range of European imports, including potato starch, brandy, and—you guessed it—light trucks. The "chicken tax," as it's called, persists to this day, and it has kept foreign car companies largely out of the truck market.

The economic disadvantage is significant. A company such as Kia or BMW would have to charge \$56,000 for a truck in order to make \$42,000 (the average sticker price on a Ford F-150 last month). That's a \$14,000 handicap before anyone even kicks the tires. Rather than fight this uphill battle, foreign carmakers have focused on expanding their product lines into every other available segment, from tiny compacts to slick sports cars. Mercedes [added its sixth](#) different kind of SUV this week, bringing its family tree to 17 branches—and it still doesn't make a pickup.

John Krafcik, president of the digital car-shopping platform TrueCar, argues that there would be more, better pickups without the tariff. "Most of the U.S. car segments have 20 brands competing for your dollars," he says. "If there wasn't the chicken tax, you'd see so much more innovation. You'd see every brand rushing in and you'd see a vast increase in choice."

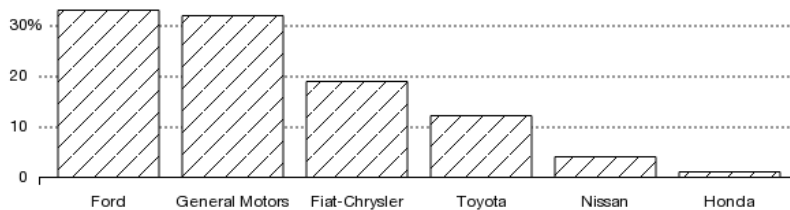
Some companies have tried to dodge the rules with design. The 1978 [Subaru BRAT](#) was a small car with a tiny truck bed that had carpeting and two plastic seats to appease U.S. trade officials but no one else. Subaru did not stamp "[Bad Idea](#)" on the side of the vehicle, but it might as well have.

Other Japanese brands have established North American plants to get around the tax. Toyota's Tacoma and Tundra models are made in San Antonio and Tijuana, Mexico. Nissan, meanwhile, builds its Frontier and Titan models in central Mississippi. But even after years of hard selling, the Japanese brands sell less than one pickup for every four American models sold. Toyota has

had the most success, capturing 12 percent of the U.S. pickup market [mostly with small trucks](#), a market Ford and General Motors have long neglected.

Uphill Climb

2014 U.S. pickup market-share (by vehicles)



Source:

Think tanks such as the libertarian Cato Institute have been [calling for the repeal of the chicken tax](#) for more than a decade, to no avail. The truck market is about to get more interesting anyway. At the North American International Auto Show this week, Toyota [unveiled a new Tacoma](#) that will compete with the Chevrolet Colorado and GMC Canyon, two smaller trucks GM started selling in September. The first major update in 11 years, the new Toyotas are boxier, burlier trucks, which will offer the “lumberyard credibility” U.S. buyers look for, Krafcik says.

Nissan also unveiled its new Titan and bragged it can tow much bigger loads than competing models from Ford and GM. Taken together, the Japanese brands are aiming for U.S. truck buyers as aggressively as they ever have. “I don’t remember a time when all the trucks have been redone as close together,” Michelle Krebs, an analyst for AutoTrader.com, told Bloomberg. “It’s true across the whole industry, and it’s spreading to the truck business: New is not what it used to be. The bloom is off the rose a lot sooner.”

Still, 50 years of U.S. trade policy does take a toll. In Detroit this week, Hyundai unveiled a [silver slash of a vehicle](#) with four seats and a tiny pickup bed that slides out like a bureau drawer. The company promised the vehicle—dubbed the Santa Cruz—was just the thing for young “urban adventurers.” Maybe so, but the handful of drivers who bought a Subaru BRAT will probably be pretty psyched, too.