



Toyota Shareholders Will Be Thanking Akio in September

By: John J. Pico, BA, JD

Shareholders including the New York City comptrollers office, the California Public Employees' Retirement System and several European asset managers said they have voted or plan to vote to oust several Toyota directors including (Akio) Toyoda. . .

It is truly astounding to witness the brain fog that blurs the vision of some Toyota shareholders.

When Jules Vernes wrote his book "From Earth to the Moon," in 1865, everyone said such a trip was impossible because no one could build a spaceship large enough to carry enough coal to propel the spaceship.

No one at the time had any idea of the methods of propulsion that were to be discovered in the future.

When I was born they did not have jet planes or nuclear energy. There was not even a non-stop East to West commercial flight until I was in college.

While we cannot see all things in the future, we know about current experiments that will lead to powering vehicles with better much efficiency than the current batteries.

Thanking Mr. Toyoda

A short time ago Energy Secretary Jennifer Granholm announced that “. . . at the Lawrence Livermore National Laboratory in California, scientists at the National Ignition Facility achieved **fusion ignition** – creating more energy from fusion reactions than the energy used to start the process.” [Emphasis Added.]

That achievement was the culmination of 60 years of exploration and experimentation in ICF by generations of scientists at LLNL and collaborators in industry, academia and other DOE national labs, including Los Alamos and Sandia.

The accomplishment was “proof of concept” that ***a thermonuclear fusion reaction — the same reaction that powers the sun and stars — can be reproduced in the laboratory and result in a net energy gain, with a clean, carbon-free, abundant reliable energy.***

Meanwhile, across the pond, *Aquarius Engines*, an Israeli firm developed a 23 pound, single-action piston engine to replace the 400 to 800+ pound Internal Combustion Engine (ICE). Aquarius signed a deal with Honda Motor Corporation’s affiliate Musashi Seimitsu to co-develop it, and has extended the research and development deal it signed with the United States Army, via the US Army Combat Capabilities Development Command (DEVCOM), through July 2027.

The Aquaris engine is a 10kg machine that operates exclusively on hydrogen, without the need for fuel cells. It weighs about 10kg, compared to the 500 to 1,000 pound ICE engine and, unlike the ICE engine that has hundreds of moving parts, Aquaris has just 20 components and only one moving part.

While electric engines may or may not be the wave of the future, the questions of what engines we will have and what the source energy used to supply those engines is still up for grabs.

With respect to Akio Toyoda, here is how I see it.



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Here is how two people can look at the same facts and arrive at opposite conclusions.

In an article entitled “**Dealership EV Sales Quintupled Between 2020 and 2022,**” published May 8, 2023, by Catherine York, Manager, Communications, NADA, a chart was published to demonstrate her position that EV sales are increasing and, by implication, becoming more acceptable. Here is a copy of the chart.

BEVs Sold by Franchised Dealerships

	 ICE (internal combustion engine vehicles)	 Hybrid	 PHEV (plug-in hybrid electric vehicles)	 BEVs (battery electric vehicles)
Year To Date	3,043,738	219,707	51,656	247,470
Year Ago to Date	2,901,489	197,951	40,746	153,799
% Change	+4.9%	+11.0%	+26.8%	+60.9%

Using the exact same numbers, but instead of counting the year over year increase in EV sales, the chart created below illustrates the year over year decrease in “market share”.

One could also conclude that market share more accurately reflects the public’s desire for an item than would total sales.

© Advising Automobile Dealers LLC	ICE	HYBRID	PHEV plug-in	BEVs battery	TOTAL Evs
2023 Y-T-D	3,043,738.00	219,707.00	51,656.00	274,470.00	545,833.00
Market Share	84.79%	6.12%	1.44%	7.65%	15.21%
2022 Y-T-D	2,901,489.00	197,951.00	40,746.00	153,799.00	194,545.00
Market Share	88.08%	6.01%	1.24%	4.67%	11.92%
Difference in Market Share	3.29%	-0.11%	-0.20%	-2.98%	-3.29%

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Digest the fact that market share decreased despite the fact that during the preceding year, not only were did over 40 different vehicle brands spend billions of dollars advertising, in an attempt to entice the public to purchase EVs, but almost every radio and television station touted EVs, and the government was offering customers cash incentives to buy them.

If an ad agency produced those kinds of results, either the ad agency would go out of business, or the companies building the product would.

Perhaps one reason for the decrease in market share was because the public, concurrent with the advertising, was also being exposed to “real world” headlines, such as the following, and considered the advertising to be propaganda.

PG&E's Electricity Transmission Limits Threaten to throttle Development Throughout Southern Humboldt, Blindsiding Local Officials, By: Ray Burns, Sept. 19, 2022.

State and local officials are demanding answers after learning in recent weeks that Pacific Gas & Electric has all but reached the limits of its capacity to transmit electricity to new projects across southern Humboldt County . . .

or

Deadly winter storm knocks out power for 1.5m in US and Canada

Published 23 December 2022, By Nadine Yousif, BBC News, Toronto

or

Millions in Texas without power as deadly storm brings snow, freezing weather

More than 4 million people woke up without power in Texas amid record low temperatures. By: Tim Stelloh, Adela Suliman, Kurt Chirbas and Collin Sheeley, ABC News



Third One must assume that Mr. Toyoda knows that every year car manufacturers end-up with what the industry describes as “car banks.”

“Car banks” are fields of unsold vehicles from the previous model year. Every year manufacturers promise they will not over produce and almost every year they do.

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Car dealers call them “carryovers” and every year manufacturers issue incentives to dealers to sell them.

I have been watching this scenario play out since I started representing dealers over 50-years ago, in 1972, and I seriously doubt 2023 will suddenly be different.

One should ask one’s self: If a new car dealership could not sell an electric vehicle when it was new, how easy is it going to be to sell a carryover when it has to compete against a much improved current year model? Remember, we are not talking about Internal Combustion Engines (ICE) that were wanted, but over manufactured. We are talking about vehicles that were left over because the public simply did not want EVs.

Look around. Carmax is making millions selling used ICE vehicles. How many used EV lots exist today?

Here is another item that may not have been addressed. When a customer buys a used vehicle, the customer can generally gauge the condition of the engine by the miles on it.

What do miles mean with respect to the condition of a battery on an EV?



Think about this fact. It could take 3 hours of additional battery wear to drive the same distance in southern California, than it does in Montana or Wyoming. As a result, at the end of the year, both vehicles may reflect

50,000 miles traveled, while one may have used 2,400 battery hours and the other only 800 hours.

At the cost of between \$5,000 and \$20,000 for a new EV battery, would a buyer care more about the miles on the vehicle, or the wear on the battery?

Perhaps manufacturers should scrap, or supplement odometers by installing something similar to Hobbs meters on airplanes, or hour meters on boats, both of which measure how long an engine has been in use.

My hat is off to Toyota’s leaders’ for not only recognizing the situation regarding EVs, but for their attempting to have their company “ease into the saddle,” rather than jumping on the horse and yelling “Hi Yo Silver, Away” as it rides into a wall.

From an historical perspective, it would appear more sensible for Toyota’s disgruntled shareholders to await the results at the end of the year before they turn against their leader today.

Furthermore, from an objective analysis of the facts, it



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would probably be a better bet that by the end of the year Ford will be out of cash, Toyota will be flush and the Toyota shareholders will be thanking Mr. Toyoda for his far-sightedness.

*Note: Monday's Automotive News, 6/19/23, reported that J.D. Power's 2023 **U.S. Electric Vehicle Consideration Study** released Thursday, which measured responses from 8,136 consumers and was fielded from February through May, showed the percentage of those who said they were "very likely" to consider an all-electric vehicle, was up 2% from a year ago.*

Similarly Experian reported all-electric vehicles made up 7 percent of U.S. light-vehicle registrations through April, compared with 4.4 percent during the same period a year earlier.

Again, comparing only fully-electric vehicles, in the January-April period, according to Automotive News, June 15, 2023, Experian also reported that Tesla had 211,842 registrations, with three of Tesla's four nameplates made the top 10 in new registrations.

Note, I do not believe that counting only "all-electric" vehicles for the periods stated accurately reflects the public's interest in EVs because that period represents an aberration in "fully-electric" vehicle sales.

At the end of 2022 Tesla's Model Y started at \$67,440 with shipping. In January of 2023, Musk lowered the base price to \$49,380. Add to that decrease the federal EV incentives and Model Y buyers could potentially get a \$25,000 discount compared with last year. Then subtract from that price the additional incentives by California and other states made available to Tesla buyers on top of the price cuts and federal incentives and if those incentives could not cause a spike in sales, then the earth is not round.

The NADA reported sales of all EVs would, in my opinion, be a more accurate reflection of the public's acceptance of EVs even though that number also includes the aberration in all-electric sales.

Starting in 1972, Pico entered the automobile business by representing dealership groups such as Tasha Corporation.

Before retiring from the active practice of law in 1986 Mr. Pico and his law firm represented numerous automotive dealers in the reorganizations, purchases, and sales of dealerships.

He both tried cases as the attorney for the dealerships and arbitrated and mediated dealer related cases. Mr. Pico built upon his experiences and became a student of the industry by receiving training and attending seminars with respect to the various departments in new car dealerships, participating in National Automobile Dealer Association (NADA) Management Education Program, having "hands-on" experience" operating a store by filling in as General Manager on an "interim" bases.

In 1986, after five years of research and two years of writing, Mr. Pico authored and National Legal Publishing Company published the nation's first book on Buying and Selling Automobile Dealerships. The book is in the Library of Congress and its forms became the genesis of today's buy-sell agreements.

Mr. Pico is recognized as an expert in the field of buying, selling and investing in automobile dealerships. In addition, both State and Federal Courts have also recognized Mr. Pico's expertise and in various legal proceedings he has been:

- Approved by the U.S. Bankruptcy Court, 10th Circuit, District of Colorado, pursuant to Rule 202 of the Bankruptcy Code, as "Consultant to Debtor" in sale of a new car automobile dealership;
- Approved by the U.S. Bankruptcy Court, 9th Circuit, Northern District of California, pursuant to Rule 202 of the Bankruptcy Code, as "Consultant to Debtor" in sale of a new car automobile dealership;
- Approved by the U.S. District Court, 8th Circuit, Wisconsin, as Arbitrator/ Appraiser in new car Dealership litigation;
- Approved by the District Court of Colorado as expert in dealership valuation litigation;
- Approved by the Superior Court of California as:
 - (a) "Consultant to Court Appointed Receiver" in check-kiting case

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- (b) "Expert Witness", with respect to dealership valuations, and
- (c) Superior Court Mediator in dealership/lender litigation.

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