

# *The Insiders Guide to* **Buying a Japanese vehicle and importing it to Canada**

Written by the vehicle import specialists at [www.terra2imports.ca](http://www.terra2imports.ca)

## ***Did you know?***

It's been legal to import vehicles from Japan to Canada for over a decade!

To help you understand how Japanese importing works and what it can do for you we've put together this easy to read guide which contains **everything you need to know** so that you can import your dream car from Japan to Canada.

## **The reason why THOUSANDS of Canadians are importing Japanese vehicles...**

When comparing a North American Market car to an imported car, you will quickly see there is no comparison.

The reason we are able to purchase vehicles in Japan for such reasonable prices is due to a multitude of factors all working in our favor. In Japan, in order to register your car, every 2-3 years there is an inspection called Shaken. This inspection alone costs upwards of \$1,000- \$3,000, plus the cost of any repairs necessary.

As well, to register and insure an older car, the cost is higher than a brand new car. The government has incentives to make it more cost effective to drive brand new cars than anything even 3 years old.

The reason they have done this is because they are an automotive manufacturing based nation, and by keeping demand for new vehicles high, they keep everyone working. In theory, they have devised a system to help stimulate their own economy and keep their small country cleaner. It's pure genius.

The byproduct of this system is that the older vehicles are generally very well maintained due to the inspection processes and have a significantly decreased value due to the lack of demand. This allows us to purchase, import and register the vehicles, all the while keeping the costs reasonable and comparable to our own market cars.

While the costs may be comparable, the cars are clearly in much better shape, better maintained, and we have an entire country of cars to choose from, not just the limited local market.

## Are there any good vehicles left?

Over 100,000-150,000 Vehicles pass through the auctions alone every week. Add to that Dealerships and private sales and the fact that we can import a car from ANYWHERE in Japan, and it's easy to understand why we have access to the crème of the crop.

Of course there is still quite a variation in condition of these cars, but on average they are properly maintained, well kept, and we can choose only the best of the best.

This is why you will see a wide variation in pricing as well between vehicles, as their value is dependent on their condition and mileage, as well as the supply and demand for each particular vehicle.

With the more popular vehicles in Japan, the high quality examples will command quite a price, and people are willing pay it if the vehicle is worth the asking price. You must keep in mind these vehicles are typically less than 25% of their original retail price and they usually only have 3-4 years worth of mileage on them.

Once they land in Canada, the Market Value of these high quality imported vehicles is significantly more than you will be paying for them, on average between 20-40%.

## How did you find a 1990 Lexus with only 22,000km's?

As an example, we have imported a [Lexus LS400 with only 22,000Kms](#) on it when it first landed in Canada. The interior looks like it is just out of a showroom, and the paint condition is unbelievable, especially considering it is a 15 year old car. There are only 2 minor marks on the entire car, and the engine bay is clean enough to eat off it (I'm not even joking).

It's hard to tell the car from brand new. You would never be able to find a car like this in our local market, and if you did, I guarantee it would not be priced as well as this one.

... this car was \$65,000CDN when new, and with less than a year's worth of driving, we asked less than 20% of that price.

While these cars do not become available every day, they are available. We just have to look very hard, utilize all of our sources to the fullest, and we can find you an amazing vehicle beyond anything you would ever find in this market. If you want something with only 30,000KMs on it, we can find it.

If you are willing to accept 100K, that should be no problem at all. We prefer to deal with cars in immaculate shape with under 100,000Kms of mileage because we have that option and prefer to take full advantage.

If we're going to go through all the trouble of importing a vehicle, we want it to be the best vehicle possible and worth the time and effort invested.

## I thought driving on the wrong side was illegal?

To answer any questions regarding registration and insurance; Insurance costs are no different than a LHD car. There is no special license/plates/stickers required to drive a RHD vehicle and once the vehicle has been properly inspected, registered and a new BC Vin # applied (for BC registration only), it is treated no different from a LHD vehicle.

All of the pedals are the same, the shift pattern is the same, and adjusting to RHD takes no more than a few minutes in an automatic car, and of course longer in a 5spd to learn the shift pattern with your left hand.

The only controls that are switched are the signal and windshield wipers, to allow you to signal and shift at the same time. We have been driving RHD for years now and personally I barely notice any difference whatsoever anymore, the hardest part is getting into the car on the proper side. After a few weeks, it will feel just as natural as LHD.

### On a personal note,

... my own parents are driving a Right Hand Drive Lexus imported from Japan as their primary vehicle, and my mother actually prefers it! When parallel parking, she is right next to the curb and she gets out of the car onto the sidewalk instead of into the busy street.

Everyone has their own little tricks to adjusting to it, but in general 90% of people have no problem with it, 9% actually prefer it, and 1% will not even give it a try as they *think* it is "too weird". I have personally taken hundreds of people on their first RHD experiences with no problems at all. You'll be surprised how easy it really is, but you will not know until you try it for yourself. If you've driven a boat, you've driven RHD!

### "The early bird gets the worm..."

If you are in the position to purchase the vehicle on short notice, you will get the best deal as the good vehicles and good deals sell very quickly. Selling within minutes of being listed is not uncommon for the high demand vehicles.

There are multiple types of options when importing a car from Japan.

### Dealers and Privates Sales

We can purchase vehicles from dealers, giving us the option of an inspection and plenty of information about the car prior to purchase. We can purchase through private sales, where some of the best deals can be found on the widest variety of cars.

The inspection option is outlined here:

<http://www.terra2imports.ca/faq/entry/2/13/>

We highly recommend having any vehicle purchased outside the auctions inspected by an outside, unbiased source. A dealer is much more likely to play up the strengths and play down the weaknesses of a vehicle to help make the sale. The same is true for a private sales, as their goal is to sell their car for the highest amount in the shortest time.

Having an unbiased source confirm the condition of the car is highly recommended, as we assume you would never buy a car in Canada without first having it inspected by a certified mechanic. The cost is higher than an inspection in Canada, but it is also halfway around the world and labor is much more costly in Japan.

When ordering an inspection on a vehicle, you are committing to purchase that vehicle providing the inspection results prove positive. The cost of the inspection is on top of the Total Landed Cost and is due whether the vehicle is purchased or not, as the mechanic must be paid for services provided.

If the inspection results come back negative, you still have the option of backing out of the purchase, leaving you responsible for the inspection cost only, and avoiding a potentially bad purchase decision.

### **Auction House Network**

We can also utilize the excellent auction system Japan is so well known for, which we highly recommend.

Typically you get much more car for your money at the auctions, as the Japanese dealer is bypassed, saving you that markup and putting it where it belongs, into the purchase price of the vehicle. The trade-off is shorter time lines, and a different type information on the vehicles.

### **We prefer auction vehicles...**

... not just because you get more car for your money, but because the auction inspector is an un-biased source of information on the true condition of the vehicle. He is not interested whether or not the vehicle sells, he is interested in giving a proper grading, as the auction house is liable for mis-graded vehicles and his job is at stake, not just a sale.

If anything, they are more likely to be on the harsh side when grading the vehicles to err on the side of caution.

The total amount of information is less than some dealer listings, but the source of that information is more credible and trustworthy. The second safety net at the auctions is our agent who is personally placing the bid. He is very experienced in purchasing auction vehicles as he has been doing this as his profession for years, day in and day out.

He knows exactly what to look for when purchasing an auction vehicle and if there is a problem found, he will cancel the bid and we will find a more suitable vehicle. Once again, it is in his best interest to provide only high quality vehicles. If this is not what we receive, we will not be dealing with them very long at all.

## The Secrets of Auction Grading Explained

The auction grading system itself is quite efficient, as it must be for the Auction house can be held liable for mis-graded cars. Thus it is in everyone's best interests to keep the information provided accurate. We have had no problem purchasing auction vehicles because we are very selective in the cars we purchase and we have many safety nets in place to filter out the bad vehicles.

Everything you need to know about the Auction Grading system can be found here:  
<http://www.terra2imports.ca/faq/entry/2/27/>

You have to be cautious when working with a broker. We've found that many are not selective enough, do not have this personal element in place, nor do they have high enough standards as to what they are importing. We prefer grade 4 vehicles, the highest grade possible for any 15 year old vehicle, unless otherwise specified by the buyer.

*The higher the quality of the cars we import, the better our reputation will be, the further our business will go, and the less problems for everyone in the long run.*

To place an auction bid, we do require a minimum deposit of \$1000CDN. This is required as once we place a bid, we are held responsible for that bid, whether or not our client pays the remainder on the vehicle they have committed to. For this reason, we must hold a deposit of \$1000 and if payment is not made in full when a vehicle is won, this deposit is used to cover the fees to re-auction the vehicle.

We have not yet had a client default, but we must have this safety in place for the sake of our reputation which is very important when dealing in Japanese business. If the bid is unsuccessful and no vehicle is purchased, the deposit is 100% refundable, or transferable to the next vehicle you wish to place a bid on.

You decide what the maximum Total Landed Cost you wish to pay for the vehicle is, and we calculate your maximum bid from that amount. **This is the maximum Total Landed Cost you will pay, and if the vehicle sells for less, the price will be adjusted accordingly and you will be reimbursed the difference.**

In this manner, you decide the maximum amount you wish to pay for your vehicle, and the price will be that amount or less, never more. This is another benefit of the auction system.

## The Purchasing Process

Once a suitable vehicle is found and the bid is successful, or a deal is agreed upon, we require an 80% of the designated Total Landed Cost of the vehicle. If it is a dealer car, the price will be listed, if it is an auction car, you choose how much you are willing to spend. This deposit is required to cover the purchase price of the car, as well as the auction fees, agent fees and de-registration. These are the expenses necessary to get the vehicle in line for shipping as soon as possible.

We cannot commit to a purchase if your payment isn't in place to complete the purchase.

This is how we allow you to have access to dealer pricing on all of these vehicles, the same pricing WE would pay if we were to import these exact vehicles. By acting as our investor through this process, you are allowing us to import a vehicle we would normally not have had the chance to.

You are paying the same price we or any other importer would pay for the vehicles, but for this to work, you must provide the investment for that vehicle. By becoming our investor through the process of brokering a vehicle, **you save thousands in mark up** that would have been added to the price of the vehicle had someone else made the investment.

The return on your investment is an amazing price on your dream car, providing you are patient and have the finances available. We are only paid for the importation and registration services we have provided.

## The Timeline, what to expect and the steps required

The entire process from purchase to delivery takes on average 6-8 weeks. We've completed the process in as little as under 4 weeks, and it's taken over 3 months as well, but on average 6-8 weeks is what you should expect for an average importation.

### Step 1

The first step is finding the vehicle. Unfortunately we have no control over what vehicles are sold, and when they are sold, or how much they are sold for. Finding the perfect vehicle can take minutes, hours days or weeks, but rest assured, it is only a matter of time before we find you the perfect vehicle. If you have already found a vehicle, we can provide the services to import whatever vehicle you wish.

### Step 2

Once the purchase is made, it will take on average 3-6 weeks to secure a place on the next available shipment to Canada. We have done this in less than a week, and over 2 months, as we are entirely at the shipping companies mercy and on their schedules.

The vehicles are shipped right alongside the brand new vehicles imported into Canada, and as such we must wait for available space. This will depend on how many vehicles have been purchased, and at what point your vehicle is purchased in relation to the next available shipments.

90% of our vehicle miss the first shipment after they are purchased and are shipped on the second available shipment. 5% will make the first shipment, and the other 5% will make the 3rd shipment. There are usually shipments at the end of each month, and in the busy summer months additional shipments are added, speeding up the shipping process.

Actual shipping time to Vancouver from Japan is only 11 days on the boat, and it is at this point that we require the remaining 20% of the payment.

### **Step 3**

When the vehicle lands, we require 10 days to release the car from customs, have the necessary inspections performed and complete registration of the vehicle. This process can take as little as 3 days, but we plan for 10 days due to the inconsistency we experience when dealing with the government officials involved in this process. When large shipments arrive, the process can be greatly delayed.

On average 6-8 weeks is a good estimate to expect from the time of purchase to the time of delivery.

## **Finances and transferring payment for your new vehicle**

As previously stated, we require 80% of the Total Landed Cost at the time of purchase, and the remaining 20% once the vehicle is loaded and bound for Vancouver. Any deposits placed will be put toward the initial 80% required to purchase the vehicle.

Our preferred method of Transfer is wire/telegraphic transfer from your bank account to ours. This provides a solid record of transaction from an unbiased source, our banks. It is the safest, most secure and documented form of money transfer, which is why we prefer it. The cost is between 35-45\$.

Another option is the direct deposit of guaranteed funds only (i.e. Bank Draft, Cashier's check, Cash) into our account with Royal Bank. If you have access to any Royal Bank, all you need is our account information and the funds necessary to make a deposit. The cost of this method is typically \$5 for a cashier's check or bank draft, and no charge for depositing cash.

If for any reason the deposit you place needs to be refunded at any time, it is always available. We hold your money in our trust account until the vehicle purchase is made, and you may have it 100% refunded, or transfer it toward another vehicle at any time, the choice is yours. The only fees you will be responsible for are any transfer fees involved.

## **How we started importing Japanese cars**

The method above is exactly how we would have wanted to do business with an importer if we were in your position, because you must understand that at one point, we were in your position!

We were the customer looking for the trustworthy importer to deal with, an enthusiast with the same priorities as us, and that's when we realized there were no options available.

And so, Terra2 was created, to give us enthusiasts the opportunity to do what we love, play with cars all day, and provide our clients with access to the highest quality vehicles at dealer cost for anyone willing to make the smart investment. This is our dream job, we

don't plan on going anywhere but up.

**With over 50 vehicles imported from Japan since 2004 you can rest assured that you are dealing with experienced importers with your best interests in mind.**

We come from an enthusiast background, as 2 of the founding members of a local non-profit car club, Northwest Nissans. After 5 years, the club we helped establish now has over 6000+ registered members.

We started Terra2 as an alternative to what we dislike ourselves: used car salesmen.

We have the same priorities and ideals as enthusiasts and we see the value in quality vehicles, not just the cheapest vehicle that can be imported. You get what you pay for in this market. Of course there are always the occasional hot deals now and then, but on average, there's no getting around that age old expression; *You Get What You Pay For!*

## A few closing tips..

- The good deals and good cars usually go very fast so it is a good idea to place a deposit if you are serious about importing a car, so as not to miss out when the perfect car does become available.
- Clients who have shown serious interest by placing a deposit will receive priority service. If you're looking for more information on a vehicle without placing your deposit don't be surprised if the vehicle is already sold to a client with a deposit in place by the time we can get back to you. Don't let this happen to you.
- After placing your deposit, please let us know exactly what it is you are looking for and we will do our best to find you your ideal vehicle. The more specific information you can give us, the better we can do our job.

## What do I do next?

1. **Find** your dream car,  
<http://www.terra2imports.ca>
2. Place your **deposit**,  
<http://www.terra2imports.ca/deposit.php>
3. Let us know which vehicle you'd like to **purchase**,  
<http://www.terra2imports.ca/import-questions.php>

If we have missed anything, or you have any more questions or concerns please do not hesitate to contact us. We understand this is a new way to purchase vehicles and our clients will have many questions. We appreciate you taking the time to read our detailed guide and look forward to hearing from you!

-Gerry and Colin

<http://www.terra2imports.ca>

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