

Fall 2001

AUTO QUARTERLY

www.jama.ca

Newsletter of the Japan Automobile Manufacturers Association of Canada

Production adjusts to sales through the third quarter in 2001

In the aftershock of the attacks on the US, the already slowing economy in Canada has noticeably weakened. Production cutbacks and layoffs in both vehicle and parts plants are on the rise, as sales both retail and fleet have slumped. Total light vehicle production in Canada is down 15.0% through the first three quarters of 2001 at 1.9 million units. Among all Canadian vehicle plants, only Honda is ahead in terms of unit output compared to last year. However, production at CAMI climbed 29.1% in September compared to the same month in 2000 due to a 107.3% increase in compact SUV output (Chevrolet Tracker and Suzuki Vitara).

Combined production at Honda (HCM), Toyota (TMMC) and CAMI is up 1.9% at 473,000 units for the first nine months of 2001. HCM output jumped 15.8%, while TMMC dropped 5.7% and CAMI lost 25.9% compared to last year. Exports of vehicles from these three plants gained 4.3% to almost 381,000 units, an export ratio of 80.5% for the year to date.

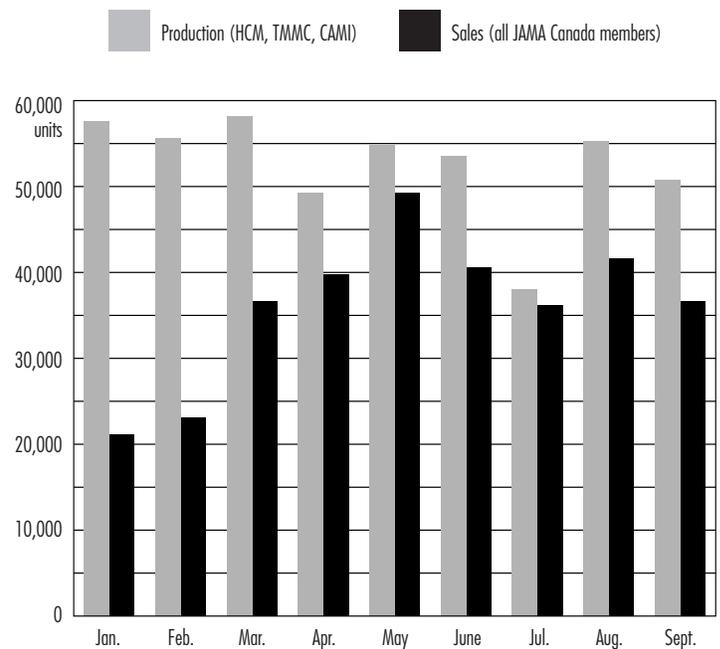
Vehicle shipments to Canada from Japan, the US and Mexico rose 10.0% to 232,000 units for the year to date. NAFTA imports were up 14.1% to almost 90,000 units, while shipments from Japan were 7.5% higher at 142,000 units for the same period.

Overall new vehicle sales in Canada during September dropped 12.7% to 125,127 units compared to September 2000. Passenger car sales lost 9.5%, while light truck sales were 16.4% lower than last year. All of the 'Big 3' recorded fewer sales in September, but Chrysler was the hardest hit falling 32.9%. Ford and GM were down 16.1% and 15.2% respectively.

In September, Japanese automakers as a group fared very well in spite of the turmoil with total light vehicle sales marginally lower 0.7% for the month. Among JAMA Canada members, Mazda sales jumped 12.5%, Nissan was up 8.9% and Suzuki grew 2.1% in September. On the other hand, Honda sales declined 10.0%, Subaru fell 2.5% and Toyota dipped 1.8%. Notable among other automakers sales were Hyundai (up almost 45%) and Kia (up 36%).

For the year to date, the overall Canadian vehicle market is down 2.1% at 1.185 million units. Passenger cars are almost unchanged at 664,000 units, while light trucks are off 4.6% at 521,000 units. The Big 3 are collectively down 65,000 units, a 7.5% drop for the first three quarters of 2001 to 800,000 units.

2001 Monthly Production & Sales in Canada



Japanese automakers by contrast are up 9.4% as a group to almost 325,000 units. In fact, all JAMA Canada members light vehicle sales have risen compared to 2000. Mazda Canada is ahead 33.0% for the first three quarters of 2001, Nissan Canada sales are up 10.6%, Honda sales have increased 7.7%, Suzuki Canada has gained 7.4%, Subaru Canada is up 4.7% and Toyota Canada has improved 1.4% over last year.

See Production Adjusts... continued on page 2

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Light Vehicle Sales in Canada, by Company

Company	Jan-Sept 2001			Jan-Sept 2000			% Change		
	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL
HONDA	90,059	21,366	111,425	82,646	20,765	103,411	9.0	2.9	7.7
N.A. Built	83,130	12,693	95,823	76,872	10,328	87,200	8.1	22.9	9.9
Japan Built	6,929	8,673	15,602	5,774	10,437	16,211	20.0	-16.9	-3.8
TOYOTA	71,503	27,121	98,624	76,466	20,779	97,245	-6.5	30.5	1.4
N.A. Built	34,068	12,349	46,417	35,876	12,078	47,954	-5.0	2.2	-3.2
Japan Built	37,435	14,772	52,207	40,590	8,701	49,291	-7.8	69.8	5.9
MAZDA	39,135	15,318	54,453	29,194	11,736	40,930	34.1	30.5	33.0
N.A. Built	1,500	2,976	4,476	2,436	3,672	6,108	-38.4	-19.0	-26.7
Japan Built	37,635	12,342	49,977	26,758	8,064	34,822	40.6	53.1	43.5
NISSAN	30,342	9,538	39,880	22,957	13,103	36,060	32.2	-27.2	10.6
N.A. Built*	23,620	3,481	27,101	14,757	4,631	19,388	60.1	-24.8	39.8
Japan Built	6,722	6,057	12,779	8,200	8,472	16,672	-18.0	-28.5	-23.4
SUZUKI	3,411	5,737	9,148	3,939	4,581	8,520	-13.4	25.2	7.4
N.A. Built	1,081	1,892	2,973	1,025	1,654	2,679	5.5	14.4	11.0
Japan Built	2,330	3,845	6,175	2,914	2,927	5,841	-20.0	31.4	5.7
SUBARU	8,519	2,743	11,262	7,323	3,432	10,755	16.3	-20.1	4.7
N.A. Built	5,309	0	5,309	5,492	0	5,492	-3.3	0.0	-3.3
Japan Built	3,210	2,743	5,953	1,831	3,432	5,263	75.3	-20.1	13.1
TOTAL	242,969	81,823	324,792	222,525	74,396	296,921	9.2	10.0	9.4
N.A. Built	148,708	33,391	182,099	136,458	32,363	168,821	9.0	3.2	7.9
Japan Built	94,261	48,432	142,693	86,067	42,033	128,100	9.5	15.2	11.4

* car sales include Mexican built

Source: AIAMC

Motor Vehicle Production in Canada

	Jan-Sept 2001	Jan-Sept 2000	% Change
HONDA (HCM)	279,743	241,620	15.8
TOYOTA (TMMC)	131,875	139,897	-5.7
CAMI*	61,388	82,890	-25.9
TOTAL	473,006	464,407	1.9

* 2000 "up-dated" data

Source: JAMA Canada

Motor Vehicle Exports from Canada

	Jan-Sept 2001	Jan-Sept 2000	% Change
HONDA (HCM)*	224,386	185,518	21.0
TOYOTA (TMMC)*	100,113	105,569	-5.2
CAMI*	56,398	73,988	-23.8
TOTAL	380,897	365,075	4.3

* 2000 "up-dated" data

Source: JAMA Canada

Vehicle Imports (Shipments) to Canada

	Jan-Sept 2001	Jan-Sept 2000	% Change
JAPAN	142,169	132,242	7.5
U.S./MEXICO	89,927	78,834	14.1
TOTAL	232,096	211,076	10.0

Source: JAMA, JAMA Canada

Continued from page 1... Production Adjusts to Sales

In terms of market share, the Big 3 have lost over 5% share for the year to date, while the Japanese share is up 3 points to 27.5%, the Korean share has gained 2 points to 5.5% and the Europeans are unchanged.

Although Canadian vehicle sales so far in 2001 have been stronger than originally forecast, the market outlook for the remainder of the calendar year is rather gloomier in the aftermath of Sept 11, as consumer confidence has been shaken and the economic slowdown will continue in the short term. To counter these developments, some automakers have introduced 0% financing incentives on virtually all of their popular models in the US in an effort to 'Keep America Rolling'. The same 0% financing incentive was also adopted in Canada by the Big 3 in November. Most analysts view such incentives as both risky and costly, as incentives of this magnitude tend to only draw forward future sales, so that when the programs end, sales will likely fall off dramatically. At the same time, assuming that the economic slowdown will be relatively short-lived, such incentives ideally can help reduce inventories and bring down days supply levels to the point where production can be stabilized until the recovery gets underway.

Border Issues - Impact of Sept 11 on the Canadian Auto Industry



Trucks line the Ambassador Bridge, waiting for entry into the US at Detroit

The tragic and horrifying attack on September 11 without doubt has altered the outlook for the 21st century in much the same way that other cataclysmic events in the past were turning points in history. While the full impact will be realized over time, the short term effect on the economies in both Canada and the United States likely accelerated the downward trend, particularly in those sectors such as the auto industry, that rely very heavily on open and accessible cross-border trade.

Motor vehicle and auto parts plants operating with little or no inventory require timely deliveries of parts and supplies to maintain production schedules. As a result of heightened security at key border crossings with the US such as Windsor/Detroit and Fort Erie/Buffalo, several parts and vehicle assembly

plants in Canada decided to reduce output and a few were forced to temporarily close until the backlog was cleared and trucks carrying critical parts could deliver their goods.

Among Japanese automakers, while Toyota's plant in Cambridge and the CAMI plant in Ingersoll continued their regular schedule, the Honda plant in Alliston was forced to close for two shifts, both the car and the van/SUV lines, a week after the terrorist attacks. Some suppliers were also minimally affected by the closing of the Honda plant. While most companies have adjusted and are coping now that the border situation has stabilized, it is still a rather fragile equilibrium.

With an integrated auto industry in North America as a result of the Auto Pact in 1965 and the FTA and NAFTA in the past decade, it is not unusual for some auto parts to cross the border several times before the final vehicle is assembled. Moreover, Canadian automakers export over 85% of all vehicles made in Canada, mostly to the US, and over 70% of all vehicles sold in Canada are imported, again largely from within NAFTA. Also, just-in-time production and delivery requirements, particularly for parts sourced from outside the country, must rely on open and swift border crossings to meet production schedules.

In the first week after the US border was re-opened, the backlog of trucks in Canada waiting to cross the border at the Ambassador Bridge in Windsor was reported to be over 25 kilometers long and it took up to 24 hours to pass through into the US. Currently, the average time for a commercial truck to get through the border into the US is about one hour, while travelers often face up to two hours at any time of the day or night. By contrast, trucks and travellers coming into Canada from the US face only minimal delays, if at all. However, even this situation will be difficult to sustain in the event that traffic, both goods and people, return to pre-Sept 11 levels.

In fact, Canadian and US officials have been talking for years about improving border crossings. The main issue is the rapid and ongoing rise in trade volume between Canada and the US in the wake of the FTA and NAFTA which strains the current border facilities. If there is anything positive in the events of September 11, it may be that the urgency of addressing these problems has been raised and that finally something will be done to ease the situation. According to critics, the current border system is outdated, overwhelmed and requires oversight by too many government agencies. Moreover, trade between Canada and the US increased 12% in 2000 from the previous year, and is forecast to triple in the next two decades. Going back to where things were on September 10 will not be enough.

A number of improvements are being considered, such as a second bridge between Windsor and Detroit, and a new Canadian Customs Self Assessment (CSA) Program that promises to streamline commercial traffic along the 49th parallel. At the same time, the US is piloting a new customs program specifically in the auto sector called the National Customs Automation Program (NCAP). However, some critics in Canada of the CSA program claim that it is overly complex and rather expensive to justify switching from current customs procedures. While the CSA Program was set to be rolled out starting in early December of this year (CSA has been hampered by several delays), a second bridge in Windsor could take up to ten years to complete.

See Border Issues... continued on page 6



After Sept 11, the line of trucks waiting to cross the border into the US stretched for over 25 kilometers along the 401 highway and the streets of Windsor, Ontario

Suzuki Plans ATV Plant in Georgia



Suzuki Eiger ATV

Responding to robust growth in the all-terrain market over the past three years in North America, Suzuki Motor Corporation recently began construction of an ATV (all terrain vehicle) manufacturing plant in Rome, Georgia.

This will be Suzuki's first manufacturing facility in the United States of their own brand, and is scheduled to begin production in the spring of 2002.

According to officials, Suzuki decided to have its own plant in the US to reduce exchange risk, as well as production cost and logistics. Suzuki plans to boost ATV sales in the US, its largest single market for all-terrain vehicles, and to export to several countries including Canada, Australia, New Zealand and Europe. The plant is expected to produce up-market models such as the Eiger.

Suzuki Motor Corporation is also a 50-50 joint venture partner with General Motors of Canada in CAMI Automotive in Ingersoll Ontario, which began in 1989 and currently manufactures compact sport utility vehicles - the Suzuki Vitara and the Chevrolet Tracker for markets in Canada, the US and several other countries.

Basic outline of the ATV plant:

Name:	American Suzuki Motor Manufacturing
Location:	Rome, Georgia, USA
Capital:	approx. US \$30 million
Site:	35 acres
Building:	100,000 sq. ft.
Employees:	150 to start, 300 in 3rd year
Capacity:	40,000 units annually
Start-up:	Spring 2002
Investment:	US \$40 million (in first two years)
Ownership:	20% - Suzuki Motor Corporation 80% - American Suzuki Motor Corporation

Highlights of the 35th Tokyo Motor Show

The 35th Tokyo Motor Show (TMS) opened on October 27, 2001 at Makuhari Messe in Chiba but without the usual official opening ceremonies and reception which were cancelled by the organizers out of respect for the victims of the attacks of September 11 in the US. As a result of a languishing world economy and a more subdued atmosphere for the TMS, the focus of this year's event was clearly the vehicles themselves. The Tokyo Motor Show is always a spectacular show, and this year featured a wide array of concept vehicles, along with new technologies to improve the environment, safety and performance of the motor vehicle.

While the TMS attracts exhibitors from around the world, the primary target of the exhibition is the market in Japan, which is dominated by small cars. Currently the top three best selling cars in Japan are the Honda Fit, the Toyota Corolla and the Suzuki Wagon R - all of which are low emission, fuel efficient, fun-to-drive subcompacts. At the show, Nissan unveiled a pre-production version of the new March (Micra), called the 'mm' which is clearly aimed to compete with the Fit and Corolla.

Also unveiled in Tokyo was the new Chevrolet Cruze, the first Chevrolet vehicle that will be built in Japan by Suzuki for the Japanese and Asian markets. In the Mazda booth, two new models were featured that will show up in North America - the RX-8 and the Atenza, the latter a 5-door version of the 2002/2003 replacement for the 626, which will be badged Mazda 6 in North America. The Mazda 6 will likely be built at the Flat Rock plant in Michigan starting in the latter half of 2002. Subaru also unveiled a future new vehicle for the North American market, the ST-X, a cross between a sedan and a pick-up truck, which features 4 doors and an open rear box.

While the main event is passenger vehicles, the TMS also is a showcase for parts, motorcycles and international government booths. For the past fifteen years or so, Canada has participated in every TMS with a group of primarily Canadian auto parts suppliers interested in doing business as suppliers, joint venture partners or other forms of strategic alliances with Japanese automakers and parts makers. This year, there were ten companies in the Canada booth:

- ABC Group
- Alcan Aluminium Ltd.
- Dofasco Inc.
- Ford of Canada
- JIT Automation Inc.
- Meridian Technologies Inc.
- The Narmco Group
- Ventra Group Inc.
- Wescast Industries Inc.
- The Woodbridge Group

At the same time, a Team Canada Auto Parts Mission went to Japan, led by the President of the Auto Parts Manufacturers Association, Mr. Gerald Fedchun, and by Mr, Ron Watkins, Director General, Aerospace and Automotive Division, Industry Canada from the Federal Government.



Gerry Fedchun, President, APMA introduces the Canada Booth exhibit to the press



Chevrolet Cruze - built in Japan by Suzuki for Asia



Nissan "mm" (March/Micra)



Honda Civic Hybrid



Subaru ST-X



Mazda Atenza (Mazda 6 in N.A.)



Suzuki Covie - electric minicar concept



Mitsubishi CZ2 concept vehicle



Toyota Estima Hybrid

Clearly additional measures will be necessary to deal with current and expanding cross-border trade by government and industry in both countries including using technology to create a 'smart border' encompassing electronic filing, pre-clearance, improved infrastructure, expanded high tech screening equipment, and integrated information sharing and coordinated custom procedures.

According to data provided by an official of the Ambassador Bridge, more than US\$110 billion in goods traversed the bridge between Windsor and Detroit in 2000, carried by more than 3.5 million trucks. Truck traffic after Sept 11 declined 20% for the rest of the month compared to the same period in 2000, while auto traffic dropped 47% over the same period. In October, as the border backlog was cleared, truck traffic on the Ambassador Bridge was down 8% compared to October 2000, while auto traffic (mainly travelers) was 38% lower than last year. In general, it is estimated that on average US\$1.3 billion in goods crosses between Canada and the US each day, and that \$300 million of that total is automotive related.

In response to the events of Sept 11 and the border issues arising in the aftermath, a coalition representing a broad cross-section of Canadian business has been formed under the aegis of the Canadian Manufacturers and Exporters Association. On October 31, the coalition released a report urging the Canadian Government to present a 'comprehensive and integrated solution' to security and border issues in the wake of the attacks in the US.

Central to an integrated solution, according to the report 'Rethinking Our Borders' by the Coalition for Secure and Trade-Efficient Borders, is a coordinated approach that would ease Canada-US border crossings by increasing Canada's ability to guarantee security at other points of entry. The report calls for the Government to use a risk management system that would enable low-risk goods and people to cross the border securely and efficiently, while focussing on high-risk cargo and travellers. This system would entail three lines of border management security:

- offshore interception
- first point of entry into North America
- the Canada / US border

By increasing, sharing and coordinating intelligence efforts, the report calls for Canada to take steps to stop high-risk cargo and travellers from getting here in the first place. At the same time, the Canada/US border could be made 'smarter' by moving low-risk identification processing away from the border crossing itself, which would ease congestion and allow border authorities to concentrate on high-risk movements.

The report addresses the often contentious matter of sovereignty by pointing out that a 'perimeter' or 'zone of confidence' approach does not mean erasing the Canada / US border, nor does it mean that Canada has to adopt American immigration and customs policies. While collaboration is essential, Canada and the US need to develop shared goals and objectives on providing economic and personal security for their citizens. But this does not mean that both countries have to achieve these objectives in exactly the same way.

At the same time, the Federal Liberal caucus Economic Development Committee has indicated they will investigate the idea of a European Union style customs union between Canada and the US. A customs union would virtually eliminate the border for goods and travellers, as well as adopt common trade and tariff policies. While the debate on following the FTA and NAFTA into deeper economic integration with the US will likely become more controversial due to the inevitable *quid pro quo* on sovereignty, others suggest that harmonization should be based on mutual recognition agreements, which allows each country to maintain their own policies and procedures.

The Coalition includes over 40 business and trade associations as well as individual companies. Auto-related members include JAMA Canada, Association of International Automobile Manufacturers of Canada (AIAMC), Canadian Vehicle Manufacturers Association (CVMA) and Automotive Parts Manufacturers Association (APMA). The full Coalition Report is now available on a newly established website - www.cme-mec.ca/coalition.

Apart from the work of the coalition, there have been a number of industry/government consultations in recent weeks on the border issue. In late October, the Parliamentary Committee on Industry Science & Technology invited auto industry representatives to deliver their views and concerns about border delays and new security measures. A few days later, Round Table Discussions were held simultaneously in Toronto and Windsor by the Ontario and Federal Governments respectively on the economic impact of the border problems. Most recently, a US Congressional Committee held special hearings in Windsor on the importance and scope of the cross-border trade, particularly between Windsor and Detroit.

While the focus on bilateral trade (Canada/US) is understandable given the size of this commercial activity, particularly in the auto sector, there is a concern among some companies including JAMA Canada members, that any new border measures should not create a 'Fortress North America' which could have a potential negative impact on trade with countries outside of North America. In a globalized industry, of which automotive is a prime example, local operations in various countries are often dependent on international sourcing of both parts and finished vehicles. Even a small part, if not available on a timely basis, will cause a vehicle production line to grind to a halt. While there is no question that security for citizens is paramount in the face of terrorist threats, at the same time, Canada's economic security is closely linked with the multilateral trading system, based on the precepts and principles of open, transparent and non-discriminatory trade established in the GATT and WTO. In short, improved bilateral border access with the US should not come at the expense of multilateral trade. Any trade related measures should perforce be consistent with global trade rules, and should aim to simplify the exchange of low-risk goods, services and travellers in a secure and stable environment.

Toyota Canada donates \$500,000 to Rouge Valley Health System

Toyota Canada President Yoshio Nakatani today announced a half-million dollar contribution to the Rouge Valley Health System's Vital Investments campaign. The announcement was made at a ceremony at Centenary Health Centre to celebrate the campaign's first victory – delivery of the magnet around which the hospital's new Magnetic Resonance Imager (MRI) will be built. Ontario Minister of Health and Long-Term Care Tony Clement, and over 250 staff, donors and members of the community attended the celebration.

Clement said arrival of the MRI magnet marked "a great day for the east GTA community" and also announced that the Centenary Health Centre would be the site of a stand-alone angioplasty service, to be up and running in April 2002.

With its head office located in Scarborough, Toyota has been a dedicated supporter of the \$34 million fund raising campaign, making its first donation to the MRI project in 1999, even before it was officially approved. Since then, in addition to financial support, Toyota Canada and Scarborough Lexus Toyota have contributed cars to the annual fund-raising lottery, including this year's grand prize, a new Lexus ES 300.

"Toyota is part of this community and we know how important good healthcare is – to our employees, our customers and our neighbours," said Nakatani.

Further tariff cuts urged in new WTO trade negotiations



*Pierre Pettigrew,
Minister for
International Trade*

After the failure to launch a new round of global trade talks in Seattle in 1999, the recent WTO ministerial meeting in Doha, Qatar appears to have not only reached agreement to admit China into the WTO, but also agreed among the 142 member countries on a new round of trade negotiations which will begin in 2002 and conclude by January 1, 2005.

According to the Federal Department of Foreign Affairs and International Trade, the WTO is the cornerstone of Canadian trade policy and the foundation for Canada's relations with our trading partners. As the most trade-dependant of the G-8 countries, Canada benefits significantly from an open world trading system based on clear rules.

Pierre Pettigrew, Minister for International Trade said, "This Round would look both forward and backward, as it would be devoted to completing the work of the last Round - to ensure that the developing world can reap the full benefits of its WTO membership - and to pressing forward with innovations so that the WTO reflects the democratic values that have become the norm in much of the world. This would be a Round that addresses the clear needs of the South, the strong expectations of the North, and the best hopes of us all."

For our part, JAMA Canada is urging the Canadian Government to seize this opportunity to eliminate Most Favoured Nation (MFN) tariffs on finished motor vehicles. When the Auto Pact was repealed earlier this year, the tariff on finished vehicles was not changed, although it would have made sense to do so. Government officials felt that it was appropriate to consider tariff reductions in the context of a multilateral negotiation rather than a unilateral undertaking. With a weakening Canadian economy and softer automotive markets in North America, eliminating tariffs makes sense to reduce cost. Over 80% of all vehicles built in Canada are exported, while the majority of vehicles consumed in Canada are imported. While most of those imported vehicles are already duty free, the existing tariff on other imported vehicles is a unnecessary burden for both automakers and consumers.

Odyssey production begins at Honda's Alabama plant



The first Odyssey at the Honda plant in Alabama

In mid- November, some six months ahead of schedule, Honda Manufacturing of Alabama (HMA) began production of Odyssey minivans and V-6 engines in their newest North American plant located in Lincoln Alabama. This will be the second plant to make the popular Odyssey minivan, joining Honda of Canada Manufacturing (HCM) in Alliston, Ontario.

While HMA is currently on a single shift with an output of 100 units per day, a second shift will be added in the spring of 2002. By the end of the year, production is targeted at 650 units per day, which represents an annual capacity of 150,000 vehicles and engines. Employment is expected to grow from 1,100 currently to 2,300 at full production in the fall of 2002. Honda's total investment in HMA stands at US\$580 million, up from US\$400 million originally announced in May 1999.

Over time, HMA is expected to become the lead plant for the Odyssey, which will allow HCM to increase output of the Acura MDX sport utility vehicle and in the near future, add a new SUV at Plant No.2 in Alliston, which currently makes the MDX along with the Odyssey. The new yet-to-be named SUV for HCM is expected to replace the Honda Passport, which is currently produced by Isuzu for Honda in the US. The Alabama plant gives Honda the flexibility to make a number of vehicles on the same line in response to market demand in North America.



The Demise of Import Sales Reports by Country

With this issue of Japan Auto Trends we are retiring our import sales report categorized by country of export. Hereafter we will present this report only by company. The reason for the change is that the Japan Automobile Importers Association, which compiles this data, recently informed us that due to the increase in the number of international corporate alliances and to the expanding multi-national nature of vehicle sourcing, it is no longer meaningful to report vehicle sales on a country basis.

Their point is well taken. For example, consider the following:

- among British imports into Japan, Land Rover and Jaguar are now owned by Ford; the Mini is owned by BMW; Rolls Royce and Bentley are owned by VW.
- in Italy, GM owns 20 percent of Fiat. VW owns Lamborghini.
- among the Swedish imports into Japan, GM owns Saab, and Ford owns Volvo.
- DaimlerChrysler imports Mercedes into Japan both from the U.S. and from Europe. BMWs are also imported into Japan from both Germany and the U.S. From Germany also come GM's Opel, Ford's Focus and DaimlerChrysler's Smart.
- Toyota, Honda, Isuzu and other Japanese companies import into Japan from various affiliates around the world, including the U.S.

No wonder statisticians are reformatting their data to more properly represent the global nature of the auto industry. The significance of this change, however, goes beyond making the statistician's life somewhat easier. It lies with the globalization of an industry brought about by the high costs of environmentally friendly technology and facilitated by new and more effective means of international communication. Examples of this are seen throughout this issue as well as in past issues of Japan Auto Trends. Note in particular the alliances to develop fuel cells. Toyota, GM and Exxon are working together on a gasoline-powered fuel cell. So, too, are Renault and Nissan. Ford, Mazda and DaimlerChrysler are collaborating on the development of methanol-powered fuel cell technology.

As this issue goes to press, Ford has announced that it will procure gasoline-electric hybrid powertrains from Japan's Aisin Company. This is made possible by Ford's acquisition of Volvo, which has been developing this technology with Aisin for a number of years.

The Future

Future success, indeed survival, in tomorrow's automobile industry will depend on how individual auto companies meet rapidly growing worldwide concerns over environmental quality and scarce energy resources. This requires an intense focus on rapid innovation at lower cost, which in turn means an increase in a wide variety of corporate alliances and technical agreements across national borders. In this process, winners will be measured by their skill at managing global alliances long before their products are ultimately tested in the market place. The erosion of meaningful auto sales statistics by country is more than symbolic. It further validates that internationalization is already well advanced.

For further information and updated monthly statistics, visit JAMA's website at: 'www.jama.or.jp/e_press/index.html'.

Snapshot of the Motor Vehicle Industry in Japan		
Passenger Cars, Trucks, Buses		TOTAL
PRODUCTION ¹	Jan-Sept 01	7,368,743
	Jan-Sept 00	7,604,270
	% change	-3.1
EXPORTS ²	Jan-Sept 01	3,099,987
	Jan-Sept 00	3,354,499
	% change	-7.6
SALES/ REGISTRATIONS ³	Jan-Sept 01	4,552,925
	Jan-Sept 00	4,550,279
	% change	0.1
IMPORT VEHICLE SALES ^{*4}	Jan-Sept 01	208,724
	Jan-Sept 00	207,357
	% change	0.7

* (including models built by Japanese automakers overseas)

source: 1,2-JAMA; 3-JADA, JMVA; 4-JAIA



Nissan introduced the new 3.5Z at the Tokyo Motor Show

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