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New vehicle sales in Canada on a steady climb

New vehicle sales in Canada continued to perform well in the third quarter setting the stage for a new sales record for the 2002 calendar year. However, the final quarter is expected to be a little slower than last year following the post 9-11 zero interest rate incentives that pumped up the market. At the end of September, light vehicle sales for all automakers in Canada jumped 10.0% over last year, an increase of almost 119,000 units. Passenger car sales rose 9.2% to over 724,500 units, while light trucks climbed 11.1% to almost 579,000 units.

For Japanese automakers, sales during the first three quarters of 2002 are on target to exceed the record set last year. The nine-month tally of almost 370,000 units is up 13.8% over 2001. Passenger car sales jumped 14.0% to 277,000 units, while light trucks gained 13.3% to 92,680 units. Sales of light trucks built in North America were particularly robust, up 24.0% as a result of plant expansions in the Canada and the US.

Among individual companies, the growth leader was Nissan Canada with 21.1% higher unit sales, followed by Toyota Canada whose sales rose 18.4%. Subaru Canada and Honda Canada both managed similar levels of sales growth in excess of 13.5%, although Honda's gain was largely from higher light truck sales, while growth at Subaru came from strong car sales. Mazda Canada vehicle sales were up 4.8% for the first three quarters of 2002 as a result of higher car sales, although the number of North America-built light trucks sold so far this year has soared 159.1% as a result of more sourcing from plants in the US. Suzuki Canada sales have slipped 10.3% compared to last year due to lower light truck sales, somewhat offset by a gain of almost 30% in passenger car sales. Mitsubishi launched their new Canadian sales and distribution operation in September, the first time for direct sales in the Canadian market. While the launch got underway six months earlier than first planned, sales for the first month totaled 203 units among the two-dozen dealerships that began in early September. According to MMSC, about 47 dealers will be open by December 2002.

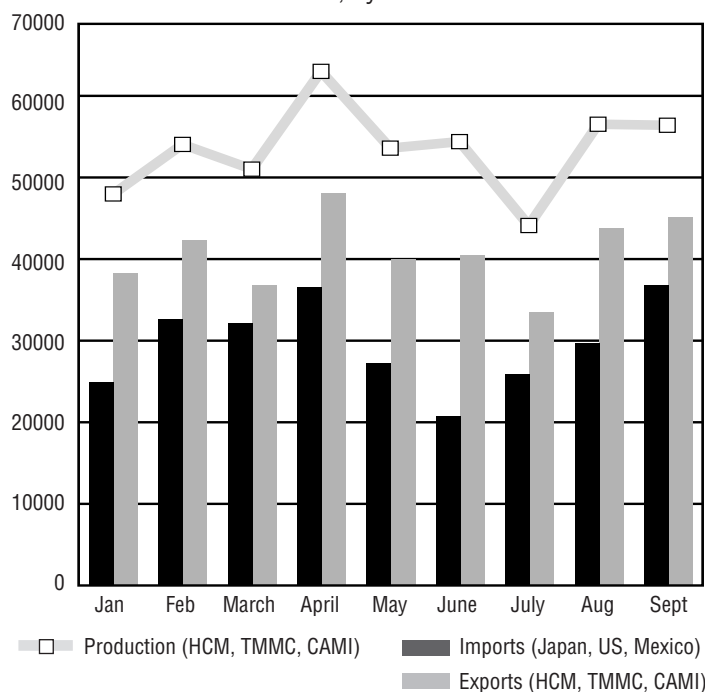
Production/Exports

Production at three Japanese-affiliated assembly plants in Canada rose 3.3% through the first nine months of 2002 to a total of 488,665 units. Only Toyota (TMMC) was ahead of last year, up 26.2% due to the expansion of the North Plant where Matrix and Corolla are built. Honda (HCM) output dropped slightly 0.8%, while CAMI produced 27.3% fewer vehicles compared to last year.

On the export side, shipments to the US and other global markets dipped 3.2% to 368,700 units compared to 2001. Exported vehicles from TMMC posted a gain of 22.5% while both HCM and CAMI were in negative territory. While these results tend to parallel production trends due to the fact that 75% of total production is exported, a drop in exports may also stem from stronger demand in the Canadian market than in the US, where the majority of exports are sent.

Vehicle Production, Exports & Imports

2002, by month



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Light Vehicle Sales in Canada, by Company

Company	Jan-Sept 2002			Jan-Sept 2001			% Change		
	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL
HONDA	93,446	33,121	126,567	90,059	21,366	111,425	3.8	55.0	13.6
N.A. Built	86,442	16,763	103,205	83,130	12,693	95,823	4.0	32.1	7.7
Japan Built	7,004	16,358	23,362	6,929	8,673	15,602	1.1	88.6	49.7
TOYOTA	89,297	27,456	116,753	71,503	27,121	98,624	24.9	1.2	18.4
N.A. Built	44,243	11,444	55,687	34,068	12,349	46,417	29.9	-7.3	20.0
Japan Built	45,054	16,012	61,066	37,435	14,772	52,207	20.4	8.4	17.0
MAZDA	42,867	14,213	57,080	39,138	15,318	54,456	9.5	-7.2	4.8
N.A. Built	1,432	7,712	9,144	1,500	2,976	4,476	-4.5	159.1	104.3
Japan Built	41,435	6,501	47,936	37,638	12,342	49,980	10.1	-47.3	-4.1
NISSAN	37,168	11,139	48,307	30,342	9,538	39,880	22.5	16.8	21.1
N.A. Built	28,011	4,330	32,341	23,620	3,481	27,101	18.6	24.4	19.3
Japan Built	9,157	6,809	15,966	6,722	6,057	12,779	36.2	12.4	24.9
SUZUKI	4,419	3,790	8,209	3,411	5,737	9,148	29.6	-33.9	-10.3
N.A. Built	0	1,142	1,142	1,081	1,892	2,973	-100.0	-39.6	-61.6
Japan Built	4,419	2,648	7,067	2,330	3,845	6,175	89.7	-31.1	14.4
SUBARU	9,850	2,961	12,811	8,519	2,743	11,262	15.6	7.9	13.8
N.A. Built	5,175	0	5,175	5,309	0	5,309	-2.5	0.0	-2.5
Japan Built	4,675	2,961	7,636	3,210	2,743	5,953	45.6	7.9	28.3
TOTAL	277,047	92,680	369,727	242,972	81,823	324,795	14.0	13.3	13.8
N.A. Built	165,303	41,391	206,694	148,708	33,391	182,099	11.2	24.0	13.5
Japan Built	111,744	51,289	163,033	94,264	48,432	142,696	18.5	5.9	14.3

* car sales include Mexican built

Source: AIAMC

Motor Vehicle Exports from Canada

	Jan-Sept 2002	Jan-Sept 2001	% Change
HONDA (HCM)	208,209	224,386	-7.2
TOYOTA (TMMC)	122,611	100,113	22.5
CAMI	37,880	56,398	-32.8
TOTAL	368,700	380,897	-3.2

Source: JAMA Canada

Motor Vehicle Production in Canada

	Jan-Sept 2002	Jan-Sept 2001	% Change
HONDA (HCM)	277,593	279,743	-0.8
TOYOTA (TMMC)	166,437	131,875	26.2
CAMI	44,635	61,388	-27.3
TOTAL	488,665	473,006	3.3

Source: JAMA Canada

Vehicle Imports (Shipments) to Canada

	Jan-Sept 2002	Jan-Sept 2001	% Change
JAPAN	176,240	142,169	24.0
U.S./MEXICO	90,646	89,928	0.8
TOTAL	266,886	232,097	15.0

Source: JAMA, JAMA Canada



*Mr. Hiro Omori
President, Hino Diesel
Trucks Canada Ltd.*

New President at Hino Diesel Trucks Canada

Recently, Mr. Hiro Omori officially assumed the responsibilities of President at Hino Diesel Trucks Canada Ltd. in Mississauga. Mr. Omori is the youngest president in Hino Motors worldwide group, and succeeds Mr. Frank Suzuki who has returned to Japan.

Mr. Omori joined Hino Motors Japan in 1990 after having 5 years experience in exporting automobile brake parts. Prior to coming to Canada, he has specialized in Marketing and Business Planning for Hino's overseas operations. As President, his chief aspirations include cultivating Hino's market and increasing its sales of medium duty diesel trucks in Canada.

Hino Diesel Trucks Canada has been part of the trucking industry in Canada since 1973 and continues to grow at a steady pace supplying operators with class 5, 6, and 7 mid-range diesel trucks.

For more information about Hino diesel trucks in Canada, visit their website at 'www.hinocanada.com'.

Carguide and Globe & Mail 2003 Best Buy Awards

JAMA Canada members took seven out of thirteen 2003 Best Buy Awards handed out recently by Carguide and The Globe & Mail. In several categories there were repeat winners from the previous year, including Economy Car (Toyota Echo), Compact Car (Nissan Sentra SE-R), and The People's Choice (Honda Odyssey).

This is the ninth annual 'Best Buy' Awards that were chosen by surveying the opinions of 9,000 readers over the summer. "It's what the actual consumers, the users, are saying about the vehicles they own and drive," according to Globe & Mail publisher Philip Crawley.

The 2003 Best Buy Award Winners

Economy Car - Toyota Echo

Compact Car - Nissan Sentra SE-R

Family Car - Nissan Altima SE

Luxury Car - Jaguar X-Type 3.0

Performance Sedan - BMW 330i

Prestige Car - Lexus SC430 Roadster

Wagon - Mazda Protégé5

Minivan - Dodge Grand Caravan Sport

Sport Utility - GMC Envoy SLT

Compact Sport Utility - Honda CR-V EX

Pick Up - Dodge Ram 1500 Quad Cab SLT

Sports/GT - Chevrolet Corvette

People's Choice (Most overall votes) - Honda Odyssey



Mazda Protégé5 – Wagon



Honda Odyssey – People's Choice (Most overall votes)

AUTO21 1st Annual Conference held in Toronto

The first annual AUTO21 Scientific Conference was held in Toronto in mid-September, which brought together representatives from industry, government and academia including all of the various R&D projects currently underway. The conference featured a number of guest speakers, plant tours of Honda in Alliston and Woodbridge Group in Mississauga, as well as detailed presentations on the progress of many individual university-based research projects.

AUTO21 was established in 2001 to help position Canada as a leader in automotive research and development. It is part of the federally organized Networks of Centres of Excellence. An initial grant of \$23 million, plus industrial and institutional contributions of more than \$11 million, helps fund 28 research projects in areas such as consumer education in the use of safety devices, advanced polymer foam processes, vehicle telematics, and advanced fuel research.

More than 200 researchers in 28 Canadian universities and over 100 industry and government partners contribute to AUTO21. Research projects occur within six themes of study: health, safety and injury prevention; societal issues; materials & manufacturing; design processes; powertrains, fuels & emissions; and intelligent systems and sensors.

Complete information on AUTO21 and the conference, including abstracts of all the research projects are available from their website at 'www.auto21.ca'.



Toyota Echo – Economy Car



Nissan Altima SE – Family Car

Mazda Canada Sells One-Millionth Vehicle in Canada

On September 30, Mazda Canada reached a significant milestone when a dealer in Quebec sold the one-millionth Mazda vehicle. To mark the occasion, Mazda Canada President Mike Benchimol decided to refund the purchase price of the automobile to a surprised but clearly delighted customer from Montreal. It was no surprise to Mazda Canada that the big sale took place in Quebec, as Mazda vehicles are very popular in the province. Moreover, the Mazda Protegé is currently the third best-selling passenger car in Canada.

Mazda Canada, a subsidiary of Mazda Motor Corporation of Hiroshima, Japan was established in Canada in 1968 and currently has about 150 franchised dealers throughout Canada as well as regional operations in Montreal, Vancouver and Scarborough. Along with a parts distribution center in Pickering Ontario, Mazda Canada has about 125 employees, excluding dealerships.

For further information about Mazda Canada, visit their website at 'www.mazda.ca'.



Mazda Canada President Michel Benchimol (centre) celebrates its one-millionth sale with (l to r) the purchaser Daniel Limoges, Janine Dube, Gabriel Genarelli (dealer principal of Repentigny Mazda) and Luciano Esposito.

Aisin Canada Inc. announced new plant to build parts for Toyota (TMMC)

Aisin World Corp. of America announced that it has established its first automotive components manufacturing presence in Canada, initially to serve Toyota Motor Manufacturing Canada Inc. (TMMC). Junichi Nishimura, president, Aisin World Corp. of America, made the announcement.

Located in Woodstock, Ontario, Aisin Canada Inc. will begin production next August at a 55,000 square foot plant, and will manufacture auto body parts including, belt moldings and windshield trim for Toyota and Lexus models. The company will initially employ 40 people, with an anticipated workforce of 80 by 2005. Though TMMC will be its primary customer, Nishimura says the company will eventually serve other major automakers based in North America.

"The close proximity of TMMC and this good community were very important factors in locating in Woodstock," said Nishimura.

"We are confident that this new facility will enhance our relationship with Toyota, as well as the products and services we provide."

The plant will provide final assembly and inspection of automotive body parts, including belt and windshield moldings. It will also provide a logistics base in Canada for importation and distribution of other AISIN automotive components.

John Finlay, a member of Canada's Federal Parliament, says he looks forward to Aisin becoming a good, corporate citizen in Woodstock.

"I believe Aisin will contribute very much to the future prosperity in this county," said Finlay. "Aisin and other Toyota Group companies are growing successfully in the United States and are enthusiastically welcome by the communities they serve. We are very pleased that Aisin has established its first Canadian subsidiary here in Woodstock."

Aisin World Corp. of America is a subsidiary of Aisin Group headed by Aisin Seiki Co., Ltd. with corporate offices in Kariya City, Aichi, Japan. Aisin Seiki Co., Ltd. was established in 1949 with consolidated group sales of C\$15.6 billion in 2001. Aisin Seiki is an international supplier of automotive components, body parts, drive train components, engine-related parts and electronic components. In North America, the Aisin Group has 12 manufacturing facilities, 2 R & D centers and 3 sales centers. Aisin Group North American sales totaled sales of C\$1,630 million in 2001, supplying parts to Toyota, as well as other major automobile manufacturers in United States and Canada.

Tea Garden in Montreal dedicated to Hector Dupuis by Toyota Canada



Toyota Canada Chairman Yoshio Nakatani and Louise Dupuis at the dedication of the Montreal Tea Garden to the late Hector Dupuis, former TCI Executive

The new Tea Garden at the Japanese Pavilion of the Montréal Botanical Garden was officially opened today and dedicated to the late Hector Dupuis, a former Toyota Canada executive and prominent figure in Canada's automotive industry. Yoshio Nakatani, Chairman of Toyota Canada Inc., Tetsuo Shioguchi, Japanese Consul General in Montréal, Cosmo Maciocia, member of

■ Continued on page 5... *Tea Garden in Montreal*

■ Continued from page 4... *Tea Garden in Montreal*

the Executive Committee of the City of Montréal and representatives of the Montréal Botanical Garden were joined by Mr. Dupuis' wife, Louise, for the ceremony.

The new Tea Garden leads into the Japanese Pavilion's Tea Room where the elegant, centuries-old Japanese tea ceremony is celebrated throughout the summer. The garden's traditional role is to provide an oasis of peace in which guests leave behind the cares of the day before entering the tea room.

"Hector Dupuis began his automotive career here in his native Montréal and he was a tireless supporter of many of its most worthy causes," said Mr. Nakatani. "Toyota is proud to honour his community service and his love of the city by offering this garden in his name. I know our dealers and associates, here and across the country, agree it is a fitting tribute to his life, and we are pleased to have his family join us for this special occasion."

Toyota Canada provided a total financial contribution of \$175,000 to the Montréal Botanical Garden to build the Tea Garden. The Tea Garden was designed using plans provided by Montréal's sister city of Hiroshima.

Joint Federal / Provincial Investment for Border Infrastructure in Windsor

On September 25, Prime Minister Jean Chretien and Ontario Premier Ernie Eves announced funding of up to \$300 million over 5 years beginning in 2002/2003 for infrastructure improvement in Windsor as the first step in addressing the border issue of facilitating trade at the Windsor-Detroit gateway. A joint committee has been struck with three officials from each government and they have been given the mandate to consult with stakeholders on priority projects that can be accomplished within the time and funding parameters established by this partnership. The committee met with various groups including automotive to brief stakeholders on the joint agreement as well as the process for consultations over the next two months. The committee will report back to both governments in 60 days with recommendations regarding priority activities for an action plan to implement the improvements.

The funds are earmarked for improvements to existing infrastructure, not new projects such as twinning the bridge or adding a tunnel for dedicated commercial traffic for trucks and rail respectively. However, both of those proposals continue to be possible over the longer term with private and public sector input on both sides of the border subject to evaluation through the Canada - United States - Ontario - Michigan Bi-National Partnership. (The Partnership has a 30-year planning horizon for cross border trade and economic development.) Under the joint agreement, each government will contribute \$150 million - the Federal Government funds will come from the \$600 million announced in the last budget for border improvements and the Ontario funds will come from their 'SuperBuild Fund'.

JAMA Canada supports this funding initiative as a good first step in resolving bottlenecks at the border. In the longer term, it would make sense to improve facilities for both truck and rail, as trucks typically carry parts, while finished vehicles for export or import between Canada and the US are usually shipped by rail.

2002 Tokyo Motor Show focused on 'environment & safety'



The front entrance to the 2002 Tokyo Motor Show

The 36th Tokyo Motor Show for commercial vehicles was held between Oct 29 and Nov 3 at Makuhari Messe in Chiba. A total of 211,000 visitors turned out for this year's show, far exceeding original expectations of 180,000 (turnout for the previous 34th Tokyo Motor Show for commercial vehicles in 2000 was 178,000). The show organizer commented, "Despite the extremely harsh environment surrounding the Japanese economy, particularly in the commercial vehicle market, the public has shown a very high level of interest, especially in advanced products and new technologies that address social needs such as environmental protection, safety, and social welfare. In addition, we offered a number of special events and exhibits for the enjoyment of the general visitor to the Show."

This was the fourth year and the second Commercial Vehicles Show since the Passenger Vehicles & Motorcycles Shows and the Commercial Vehicles Shows were split up to be held in alternating years. It is also the first Tokyo Motor Show to be hosted by the Japan Automobile Manufacturers Association (JAMA; Chairman: Yoshihide Munekuni) since the May 2002 merger of JAMA and the former Japan Motor Industrial Federation (JMIF), which had acted as organizer in previous years. 106 companies, two governments, and two organizations from seven countries participated in this year's Show, which was based on the theme "Sense the Evolution - Commercial Vehicles on Stage."

There were 314 vehicles on display, a significant increase over the previous Commercial Vehicles Show (287 vehicles at the 34th Tokyo Motor Show in 2000). Exhibits included 30 World Premieres (27 vehicles and 3 parts) and 21 Japan Premieres (9 vehicles and 12 parts), along with a wide range of new models and advanced technologies in fields such as the environment, safety, Information Technologies, and social welfare, all vying for the attention of visitors. Efforts targeting the environment were a major focus of this year's displays, with a large number of trucks, buses, and other vehicles emphasizing advanced low-pollution technologies including fuel cell, hybrid, CNG (compressed natural gas), LPG (liquefied petroleum gas) and clean diesel. This is the first year that the Tokyo Motor Show has made public such World and Japan Premieres.

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■ Continued from page 5... 2002 Tokyo Motor Show

Events carried over from the previous Commercial Vehicles Show included the "Talk-in 2002" symposium and the "Commercial Vehicle Test-Ride," where visitors could ride in large trucks and trailers, vehicles for the handicapped, and other vehicles on the public roads around the Show site. New events and displays included the "JAMA PR Corner," the nostalgic "Vintage Commercial Vehicles Corner," the "Commercial Vehicles Supporting People's Life Corner," where visitors could get a glimpse of vehicles that are generally not accessible to the public, and the "Motorcycles Supporting People's Life Corner." These diverse exhibits and events offered a clear presentation of the Show's key concept – namely, that of a "Comprehensive Commercial Vehicles Show" which professionals and regular visitors alike can enjoy.

Next year's "The 37th Tokyo Motor Show - Passenger Cars & Motorcycles - (2003)" is scheduled to be held for 13 days from October 24 (Fri.) to November 5 (Wed.), 2003, at Makuhari Messe (the Nippon Convention Center) in Chiba City. The theme of this show, which will be open to the general public from October 25 (Sat.), is "The Challenge: Driving toward a Better Future."

Commentary - William C. Duncan, General Director, JAMA US Office



The Changing Significance of Auto Parts Purchasing Data

The Japan Automobile Manufacturers Association (JAMA) recently released its U.S. Auto Parts Purchasing Report. This annual report was designed in 1987 to demonstrate the degree to which Japanese companies are globalizing their operations.

The parts purchasing data reported over the past 16 years clearly reflects a sustained globalization trend. JAMA members' purchases of U.S. auto parts expanded steadily from \$2.5 billion in 1986 to about \$36 billion last year. This corresponds to the growth in their investment in the U.S. For example, in 1986 the Japanese auto companies produced 617,000 vehicles in the U.S. and imported 3.4 million. Since then, Japanese companies have invested some \$20 billion in U.S. plants and equipment, increased their U.S. production by 1.6 million units and reduced their imports into the U.S. by approximately the same number. The parts purchasing numbers reflect these trends.

However, the further we move ahead in this era of global interaction among the world's auto manufacturers, the more the auto parts purchasing report inadequately represents the degree of globalization taking place and the less it fulfills its originally intended purpose. Consider the following:

The purchasing numbers do not include in-house production of auto parts by JAMA companies in the U.S., only outside purchases. Therefore, they do not include millions of engines, transmissions and other value-added parts, which the JAMA companies are increasingly producing in the U.S. rather than importing from Japan.

The numbers do not take into consideration purchases from other countries. For example, last year purchases of U.S. parts for use in Japan decreased by 13 percent, but purchases of parts from Europe increased by 17 percent. As more overseas parts companies set up shop in Japan, their Japan-based production will substitute for imported products from the U.S. and elsewhere. The purchasing numbers neither reflect the new capital relationships brought about by globalization, nor do they reflect the new joint-purchasing arrangements derived from them. For example, GM, Ford, DaimlerChrysler and Renault have equity and management participation in seven of the nine Japanese car manufacturers. GM Japan, now a member of JAMA, recently announced that it would form a joint Japan-based purchasing team to seek auto parts worldwide for GM and three of its Japanese partners – Isuzu, Subaru and Suzuki. As Japanese auto investments in the U.S. mature, parts-purchasing trends in the U.S. are more likely to reflect changes in economic conditions and competitiveness than the growth of investment, U.S. content and globalization.

The Future

The annual auto parts purchasing report serves a useful role as an historical measure of the rapid internationalization and integration of the Japanese automobile industry into the U.S. economy. However, this data loses its usefulness in a world where it is virtually impossible to distinguish a car based on the nationality of its parts. As we move into the future, the industry will focus on improvements in productivity, production technology, new drive-train innovations, quality, and most of all, consumer satisfaction. It then makes more sense to focus on how auto parts contribute to these developments rather than on how to determine the dollar value of their nationality.

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

Motor Vehicle Industry in Japan		
Passenger Cars, Trucks, Buses		TOTAL
PRODUCTION ¹	Jan-Sept 2002	7,624,453
	Jan-Sept 2001	7,368,743
	% change	3.5
EXPORTS ²	Jan-Sept 2002	3,455,067
	Jan-Sept 2001	3,099,987
	% change	11.5
SALES/ REGISTRATIONS ³	Jan-Sept 2002	4,438,040
	Jan-Sept 2001	4,552,924
	% change	- 2.5
IMPORT VEHICLE SALES ^{4*}	Jan-Sept 2002	208,812
	Jan-Sept 2001	208,724
	% change	0.0

* (including models built by Japanese automakers overseas) source: 1,2-JAMA; 3-JADA, JMVA; 4-JAIA