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NEWSLETTER OF THE JAPAN AUTOMOBILE MANUFACTURERS ASSOCIATION OF CANADA



Shigeru Takagi, President of Honda Canada at the worldwide launch of the new Pilot at HCM in Alliston, Ontario.

Honda launches Pilot production in Alliston

On May 13, Honda of Canada Manufacturing (HCM) officially launched the Pilot, a new sport utility vehicle based on the same platform as the Honda Odyssey and the Acura MDX, all three of which are now being made on the same line in Plant No.2 in Alliston, Ontario. Alliston is the sole source for the Pilot, which will be sold primarily in Canada and the US.

The addition of the Pilot demonstrates the flexible manufacturing capability of HCM as three different vehicles can be made on the same line. HCM currently makes five vehicles at the Alliston facility: Honda Civic and the Acura 1.7EL in Plant 1, and the Odyssey, MDX and Pilot in Plant 2.

While the bulk of output in Plant 1 is the Honda Civic (the Acura 1.7EL is produced for sale only in Canada), Plant 2 currently makes all three vehicles in roughly equal portions. Over time, it is expected that Odyssey production at Alliston will decline as Honda's new plant in Alabama is currently ramping up to capacity with the Odyssey. Whatever the mix, total annual capacity at HCM stands at 360,000 units with 4,200 associates on 2 shifts. Total investment in the Alliston facility is \$1.7 billion.

New and expanded auto parts plants announced for Canada

Over the past few weeks, investments in two new auto parts plants were announced both of which will be set up in Ontario to supply expanding production at Toyota Motor Manufacturing Canada (TMMC) in Cambridge.

In April, Futaba Industrial Co. Ltd. of Japan, a major manufacturer of automobile mufflers and other auto parts including bumpers, control arms and suspensions to Toyota Motor Corporation, announced that they will build a new plant in Stratford, Ontario to supply parts to TMMC. According to press reports, Futaba's investment in FIO Automotive plant will total \$31 million and will employ about 70 team members. Production is expected to begin in September 2003.

In May, it was announced that Trim Masters Inc. plans to open a new \$30 million plant in Elmira, Ontario in 2003. Trim Masters is a joint venture involving Johnson Controls of Milwaukee, Araco Corp., a Toyota group company and Toyota Motor Corporation. The plant will create about 150 jobs for the production of seats and other interior components for TMMC, most likely for the new Lexus RX300 luxury sport utility vehicle, which is scheduled to begin in early 2003. TMMC is the first plant outside of Japan to build a Lexus vehicle.

Finally, TG Minto, a Toyoda Gosei subsidiary located in Palmerston, Ontario recently announced that they have broken ground for a plant expansion that will also supply auto parts for the Lexus RX300. The new operation is expected to be completed in December 2002, prior to the launch of the RX300 early in 2003.

Robust Consumer Demand Drives 1Q Sales in Canada

Coming off a record sales year in 2001, most analysts expected the market in Canada to cool down in 2002. Happily this has not been the case. For the first three months, total new light vehicle sales in Canada have jumped 11.8% to over 360,000 units from 322,000 in 2001. Both passenger cars and light trucks have performed well, up 11.6% and 12.1% respectively.

For JAMA Canada members, sales in the first quarter rose a healthy 17.9% to a total of 95,433 units. Passenger car sales went up 20.2% and light trucks were ahead 12.1% compared to the same period last year. Toyota Canada was the growth leader as sales

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Light Vehicle Sales in Canada, by Company

Company	Jan-Mar 2002			Jan-Mar 2001			% Change		
	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL
HONDA	24,038	9,463	33,501	23,473	5,973	29,446	2.4	58.4	13.8
N.A. Built	22,278	4,649	26,927	22,300	3,538	25,838	-0.1	31.4	4.2
Japan Built	1,760	4,814	6,574	1,173	2,435	3,608	50.0	97.7	82.2
TOYOTA	22,084	7,688	29,772	15,770	7,205	22,975	40.0	6.7	29.6
N.A. Built	11,541	3,197	14,738	7,678	3,405	11,083	50.3	-6.1	33.0
Japan Built	10,543	4,491	15,034	8,092	3,800	11,892	30.3	18.2	26.4
MAZDA	10,314	3,293	13,607	7,633	4,882	12,515	35.1	-32.5	8.7
N.A. Built	298	2,014	2,312	347	690	1,037	-14.1	191.9	123.0
Japan Built	10,016	1,279	11,295	7,286	4,192	11,478	37.5	-69.5	-1.6
NISSAN	9,500	3,606	13,106	7,836	2,873	10,709	21.2	25.5	22.4
N.A. Built	7,544	1,357	8,901	5,856	1,112	6,968	28.8	22.0	27.7
Japan Built	1,956	2,249	4,205	1,980	1,761	3,741	-1.2	27.7	12.4
SUZUKI	826	1,031	1,857	1,080	1,166	2,246	-23.5	-11.6	-17.3
N.A. Built	0	274	274	353	436	789	-100.0	-37.2	-65.3
Japan Built	826	757	1,583	727	730	1,457	13.6	3.7	8.6
SUBARU	2,861	729	3,590	2,123	933	3,056	34.8	-21.9	17.5
N.A. Built	1,525	0	1,525	1,525	0	1,525	0.0	0.0	0.0
Japan Built	1,336	729	2,065	598	933	1,531	123.4	-21.9	34.9
TOTAL	69,623	25,810	95,433	57,915	23,032	80,947	20.2	12.1	17.9
N.A. Built	43,186	11,491	54,677	38,059	9,181	47,240	13.5	25.2	15.7
Japan Built	26,437	14,319	40,756	19,856	13,851	33,707	33.1	3.4	20.9

* car sales include Mexican built

Source: AIAMC

Motor Vehicle Production in Canada

	Jan-Mar 2002	Jan-Mar 2001	% Change
HONDA (HCM)	94,528	100,904	-6.3
TOYOTA (TMMC)	46,921	44,563	5.3
CAMI	13,991	25,883	-45.9
TOTAL	155,440	171,350	-9.3

Source: JAMA Canada

Motor Vehicle Exports from Canada

	Jan-Mar 2002	Jan-Mar 2001	% Change
HONDA (HCM)	70,238	82,889	-15.3
TOYOTA (TMMC)	35,528	37,795	-6.0
CAMI	11,597	24,622	-52.9
TOTAL	117,363	145,306	-19.2

Source: JAMA Canada

Vehicle Imports (Shipments) to Canada

	Jan-Mar 2002	Jan-Mar 2001	% Change
JAPAN	62,007	46,766	32.6
U.S./MEXICO	27,681	28,082	-1.4
TOTAL	89,688	74,848	19.8

Source: JAMA, JAMA Canada

Continued from page 1... Robust Consumer Demand

volume ballooned almost 30% to 29,772 units, including a 40% increase in passenger car deliveries. Nissan Canada's sales were also up sharply by 22.4% to 13,106 units, followed by Subaru with gains of 17.5% over last year. Honda Canada retained the lead in volume sales which improved 13.8% to 33,501 units, largely on the strength of light truck sales which jumped 58.4% during the period.

Production of motor vehicles at Japanese affiliated plants in Canada during the first quarter fell 9.3% overall to 155,440 units. The reason for the decline stems from production cuts at CAMI due to the closure of the small passenger car line last April, and the launch of the Honda Pilot scheduled for April, 2002. Output at TMMC was up 5.3% with the January launch of two new vehicles on the same line, the Toyota Corolla and the Matrix.

Exports of finished vehicles from these Canadian plants followed the drop in output, down 19.2% for the first quarter. Export shipments from all three plants were lower which reflects the fact that demand in Canada was higher than the US, keeping more of local production for the domestic market. In 2002, the ratio of exports to production stood at 75.5%, down from 84.8% during the same period in 2001.

As a result of strong market demand in Canada, imports of vehicles rose 19.8% to 89,688 units during the first quarter. Shipments of vehicles from Japan were up 32.6% to 62,007 units, while imports from US and Mexico fell slightly 1.4% to 27,681 units.



Uchiage (closing) festivities at the 25th CJBC in Sendai.

25th Canada Japan Business Conference in Sendai, Japan

The 25th Canada-Japan Business Conference was held in early May in the city of Sendai, north of Tokyo with about 200 participants from both countries. This was the last CJBC conference in the current format which included plenary sessions on broad topics related to trade, the economy and business, as well as a number of sector committee meetings and activities.

Keynote presentations included insightful analyses of the current and future outlook for Canadian and Japanese economies by Dr. Paul Summerville, Managing Director, TD Securities, Tokyo and Mr. Keikichi Honda, Chairman, Sun Microsystems and Chairman, Planning & Coordination Subcommittee, Keidanren Committee on US Affairs.

On the topic of diversifying and expanding the Canada-Japan economic relationship, Mr. Tom d'Aquino, President, Canadian Council of Chief Executives (CCCE) gave a presentation on "Partnering for growth and opportunity in a challenging environment"; and Mr. Hiroshi Zaizen, Chairman, Study Committee on the Diversification of Canada-Japan Economic Relations, Japan-Canada Economic Committee and Corporate Advisor to Mitsubishi Corporation suggested a step-by-step approach to strengthen the economic ties between the two countries.

With respect to addressing Global Issues, Mr. Koichi Danno, Chairman, Policy Subcommittee, Committee on Trade and Investment, Keidanren and Mr. Len Edwards, Deputy Minister, International Trade, Government of Canada (and former Ambassador to Japan) both made remarks on the prospects for a new round of WTO negotiations after the successful meeting in Doha last year, as well as global climate change and the G8 Summit this year in Alberta.

The 25th CJBC ended with a joint statement issued by Mr. Hiroshi Okuda, Chairman, Toyota Motor Corporation and Mr. Dominic D'Alessandro, President and CEO, Manulife Financial in support of ongoing initiatives by both government and the private sector in each country towards deepening the trade and investment relationship and further liberalizing trade in services. Taking the place of the CJBC from this point on, Keidanren and the CCCE will jointly engage in studies, discussions and other business exchanges to explore ways to enhance the bilateral relationship.

The 25th CJBC paid tribute to David Culver (formerly of Alcan Aluminium Ltd.) and the late Hisao Makita (past President of NKK Corporation) who were the first co-chairmen of the CJBC in 1978.

At the same time, Koichiro Ejiri, former Chairman of Mitsui & Co., Ltd. was recognized for his participation as a recent CJBC co-chair and advocate of Canada-Japan relations.

CJBC Automotive Sector Meetings to Continue Under a New Format

Starting next year, the CJBC Automotive Sector will become part of a globally focused network of auto industry business meetings and events organized by JAMA. The template for this activity comes from the JAMA-MEMA One-on-One meeting format that has been in existence for more than ten years. In 1995, JAMA expanded the format to include similar business events with auto parts associations and companies in Europe (CLEPA) and further initiated similar events in 1997 with Asia (ASEAN) autoparts industries.

In the JAMA proposal tabled at the Auto Sector meeting in Sendai, the main reasons for establishing a global approach to future business conferences include the growing presence of Japanese automakers manufacturing in every region of the globe, as well as the extent of equity affiliations and strategic alliances among international automakers. With a global perspective, better communication and the flexibility to meet each other's needs, JAMA aims to improve the effectiveness of these meetings.

As a result, business conferences will be amalgamated and held by turns in each major market, with themes to match the needs of the participants. The proposed cycle for these conferences is eighteen months. Conferences in North America will focus on local procurement as well as introducing new suppliers including small and medium size firms. Meetings in Japan will focus on increasing imports to Japan and exports to other production sites, in addition to increasing technical exchanges and communication with JAMA members' R&D activities. Under this proposal, the Automotive Parts Manufacturers Association of Canada (APMA) will join members of MEMA, CLEPA and other auto parts associations in May, 2003 in Yokohama, Japan in conjunction with JSAE (Japan Society of Automotive Engineers) to discuss new auto related technology and R&D.

After a brief tour of the Keihin parts plant near Sendai, participants in the Auto Sector meeting heard a number of presentations.



CJBC delegates from Canada visit a shrine in Matsushima Bay.

After opening remarks were made by the Japan Chair, Mr. Takeo Fukui, Honda Motor Co. Ltd., Mr. Gerry Fedchun, APMA outlined the features and early results of their 2002 survey of Canadian auto parts manufacturers sales to all motor vehicle manufacturers during 2000. In addition, Mr Fedchun endorsed the new style for the auto sector

meetings and suggested that the next meeting in the summer or fall of 2004 be held in Canada.

JAMA Canada's Executive Director, David Worts, delivered a review of the history of Canada / Japan auto sector development from 1978 to the present. Mr. Takei of JAMA presented the new style of auto sector meetings from next year; and Mr. Don Walker, President, Intier Automotive gave the closing remarks as the Canada Chair.



Welcome General Motors Japan!

On New Year's Day, General Motors Japan Ltd. (GM Japan) became the 14th member of the Japan Automobile Manufacturers Association (JAMA). GM Japan first became eligible to join JAMA in November of last year after launching production in Japan of its new Chevrolet Cruze, a small car built jointly with the Suzuki Motor Corp. The factor is located in Kosai City about two hours west of Tokyo.

JAMA Chairman Hiroshi Okuda in his New Year's address welcomed GM Japan the "first foreign-based automaker" to join JAMA. Mr. Okuda emphasized that GM Japan's membership along with other changes in the industry reflects "the need leave outmoded ideas and old ways of doing things behind us – to turn to new solutions optimally suited to the times."

Earlier, G. Richard Wagoner, Jr., President of GM Japan's parent company, the General Motors Corporation (GM), wrote a personal note to Mr. Okuda indicating that being a JAMA member "gives us a tremendous opportunity to both learn about, and contribute to, the Japanese auto industry." This goodwill offering clearly points to a strong beginning.

GM is no stranger to Japan. Its history dates back to 1925 when GM first established an assembly plant in Osaka. By the mid-1930s, GM along with the Ford Motor Co. dominated vehicle production in Japan. Then came war, reconstruction, the rapid growth of Japan's auto industry and a wide variety of trade tensions.

Throughout all this, GM continued its interest in Japan's automobile market. Since 1970, GM has owned equity in Isuzu Motors Ltd., one of Japan's leading innovators of diesel technology. The current equity stake is 49 percent. GM more recently acquired 20 percent of Suzuki Motor Corp. and 20 percent of Fuji Heavy Industries Ltd., which manufactures the Subaru. During the 1990s, GM made the bold move of introducing the Saturn into Japan. Now GM is making another bold move, with production of the Cruze.

Mr. Okuda points out that the world has changed and that Japan and its automobile industry also have changed. There is now a network of capital and technical relationships between the auto companies of the world that tends to blur their national origins and render their national identities almost irrelevant. JAMA's members have played a dynamic leadership role in this globalization trend over the past 20 years.

Now, GM Japan brings to JAMA its own history as well as that of its parent company, one of the first great multinational automobile manufacturers.

The Future

GM Japan joins JAMA at a time of extraordinary challenge. Japan's economy is weak; automobile sales are flat; the market is shifting towards smaller cars and competition is increasing. Pressure is growing for auto companies to develop even more cutting-edge technology to meet environmental requirements. All the while, auto companies will be satisfying rising consumer expectations for utility, safety and performance. These challenges will be

met at many levels as appropriate: At the company level, between companies and in the increasingly multinational trade

associations. GM Japan's participation in JAMA will bring added value to the association and even a stronger sense of unity and mission to meeting these challenges.

General Motors Japan Ltd., which we refer to as GM Japan, produces vehicles jointly with Suzuki Motor Corp. in Japan and is the new member of JAMA. GM Japan is a wholly owned subsidiary of the Detroit-based General Motors Corp., which we refer to as GM.

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

New Chairman Elected at JAMA



Mr. Yoshihide Munekuni
JAMA Chairman

On May 16, the Japan Automobile Manufacturers Association (JAMA) elected Yoshihide Munekuni to be the new JAMA Chairman at their General Assembly in Tokyo. Mr. Munekuni is the Chairman of Honda Motor Co., Ltd.

Mr. Munekuni succeeds the former JAMA Chairman, Hiroshi Okuda, who is Toyota Motor Corporation's Chairman. Mr. Munekuni is the first JAMA Chairman from Honda. Like Mr. Okuda, Mr. Munekuni will serve a two-year term as JAMA Chairman.

Prior to assuming the Chairmanship of Honda in June 1997, Mr. Munekuni was the Chief Operating Officer for Honda's Automobile Sales Operations. Mr. Munekuni joined Honda in 1966 and has spent most of his career with Honda's operations in the United States. His earlier career assignments included Director, and then Executive Vice President, of American Honda Motor Co., Inc.

By 1989, Mr. Munekuni served as President and Director of Honda North America, Inc. responsible for company operations in the United States and Canada. In 1990 he was named Chairman of Honda North America, Inc.

Mr. Munekuni, a native of Hiroshima, graduated from Hosei University with a B.A. degree in economics.

Motor Vehicle Industry in Japan		
Passenger Cars, Trucks, Buses		TOTAL
PRODUCTION ¹	Jan-Mar 02	2,633,633
	Jan-Mar 01	2,603,332
	% change	-1.2
EXPORTS ²	Jan-Mar 02	1,099,336
	Jan-Mar 01	1,017,033
	% change	8.1
SALES/ REGISTRATIONS ³	Jan-Mar 02	1,657,544
	Jan-Mar 01	1,745,155
	% change	- 5.0
IMPORT VEHICLE SALES ^{4*}	Jan-Mar 02	70,423
	Jan-Mar 01	73,142
	% change	-3.7

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