



AUTO QUARTERLY

Winter 2003
www.jama.ca

NEWSLETTER OF THE JAPAN AUTOMOBILE MANUFACTURERS ASSOCIATION OF CANADA

Statistical Review of 2002 - Production & Sales in Canada Set New Records

A Record Sales Year for Canada

While forecasts early last year expected lower sales in 2002, for the third year in a row light vehicle sales hit a new all-time high topping out at just over 1.7 million units for the calendar year, a jump of 8.4% over 2001.

Sales rose on a number of factors including strong economic performance in Canada, a continuing array of consumer incentives such as 0% financing on a number of new vehicles, and a variety of newly launched models, all of which helped to bolster consumer confidence and market demand.

In the Canadian market overall, sales of passenger cars rose 7.6% to 934,471 units, while light truck sales gained 9.5% to a total of 768,775 units during the 2002 calendar year. The Big Three automakers together sold 6.2% more vehicles than last year, led by GM with a gain of 11.0%. But their combined market share dropped to 60.0% from 61.3% in 2001, even as GM improved their market share to 30.3%. Ford and Chrysler had small sales gains of 2.8% and 0.5% respectively, but both saw their market share slip over last year.

JAMA Canada members as a group established a new light vehicle sales record in 2002 at 482,692 units sold, up 12.1% from the previous record of 430,678 units in 2001. Passenger car sales improved 11.2% year over year, while light trucks gained 14.6% from the previous year. Sales of cars built in North America rose

7.4%, while NA-built trucks soared 24.0% in 2002. At the same time, cars built in Japan jumped 17.3%, while Japanese built light trucks grew 8.0% during the same period. JAMA Canada members combined market share increased almost one point to 28.3% from 27.4% last year. Passenger car market share jumped to 38.0% from 36.8%, and the light truck share rose to 16.6% from 15.8% in 2001.

■ See *Statistical Review 2002...* continued on page 3

New Chairman at JAMA Canada - Shigeru Takagi Succeeds Yoshio Nakatani



Chairman, Shigeru Takagi

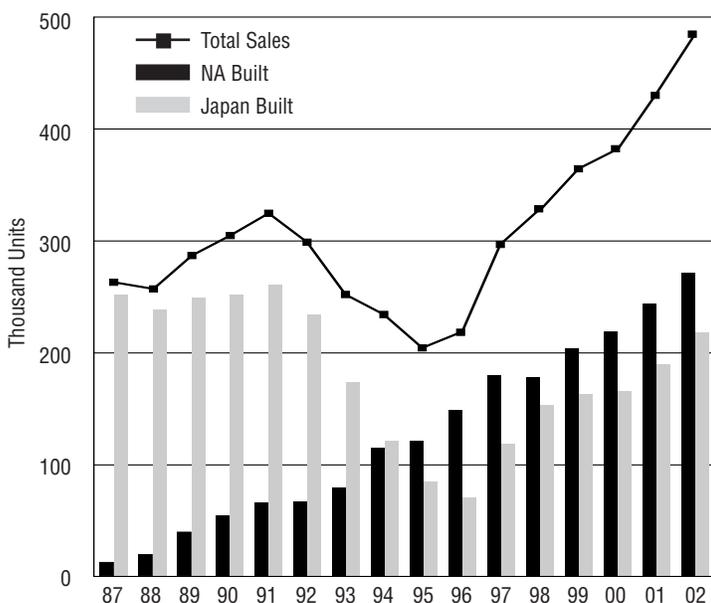
On January 2nd, Mr. Shigeru Takagi, President of Honda Canada Inc., officially assumed the responsibilities of Chairman of JAMA Canada, taking over on an interim basis from Mr. Yoshio Nakatani, former Chairman of Toyota Canada Inc., who will be returning to Japan.

“As the incoming interim Chairman of JAMA Canada, I want to express on behalf of all members of JAMA Canada, our deep appreciation and heartfelt thanks to Mr. Nakatani for his work, leadership and support of JAMA Canada over the past six years as Chairman,” said Mr Takagi at a recent reception in Ottawa.

“Mr. Nakatani’s efforts to deepen the business and trade relationship as well as enrich the cultural understanding between our two countries have been recognized in the citation he received recently from Prime Minister Jean Chretien,” he added. “I look forward to working with the Canadian Government and industry stakeholders on a number of important auto-related issues on behalf of JAMA Canada members in the year ahead.”

Mr. Takagi has been President of Honda Canada since 1998, and is a Director of Honda Motor Co. Ltd. in Tokyo, Japan.

JAMA Canada Light Vehicle Sales (1987-2002)



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Light Vehicle Sales in Canada, by Company

Company	Jan-Dec 2002			Jan-Dec 2001			% Change		
	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL	CARS	TRUCKS	TOTAL
HONDA	121,328	44,003	165,331	119,442	30,779	150,221	1.6	43.0	10.1
N.A. Built	112,441	22,758	135,199	110,486	17,638	128,124	1.8	29.0	5.5
Japan Built	8,887	21,245	30,132	8,956	13,141	22,097	-0.8	61.7	36.4
TOYOTA	113,693	39,073	152,766	91,216	36,538	127,754	24.6	6.9	19.6
N.A. Built	53,933	15,830	69,763	41,890	15,679	57,569	28.7	1.0	21.2
Japan Built	59,760	23,243	83,003	49,326	20,859	70,185	21.2	11.4	18.3
MAZDA	52,175	18,965	71,140	49,900	19,116	69,016	4.6	-0.8	3.1
N.A. Built	1,766	10,400	12,166	2,275	4,811	7,086	-22.4	116.2	71.7
Japan Built	50,409	8,565	58,974	47,625	14,305	61,930	5.8	-40.1	-4.8
NISSAN	49,270	15,391	64,661	43,164	13,500	56,664	14.1	14.0	14.1
N.A. Built	36,747	5,777	42,524	34,236	4,986	39,222	7.3	15.9	8.4
Japan Built	12,523	9,614	22,137	8,928	8,514	17,442	40.3	12.9	26.9
SUZUKI	5,983	5,575	11,558	4,195	7,438	11,633	42.6	-25.0	-0.6
N.A. Built	0	1,649	1,649	1,135	2,405	3,540	-100.0	-31.4	-53.4
Japan Built	5,983	3,926	9,909	3,060	5,033	8,093	95.5	-22.0	22.4
SUBARU	12,968	4,268	17,236	11,659	3,731	15,390	11.2	14.4	12.0
N.A. Built	6,834	39	6,873	7,089	0	7,089	-3.6	0.0	-3.0
Japan Built	6,134	4,229	10,363	4,570	3,731	8,301	34.2	13.3	24.8
TOTAL	355,417	127,275	482,692	319,576	111,102	430,678	11.2	14.6	12.1
N.A. Built	211,721	56,453	268,174	197,111	45,519	242,630	7.4	24.0	10.5
Japan Built	143,696	70,822	214,518	122,465	65,583	188,048	17.3	8.0	14.1

* car sales include Mexican built

Source: AIAMC

Motor Vehicle Production in Canada

	Jan-Dec 2002	Jan-Dec 2001	% Change
HONDA (HCM)	361,018	370,994	-2.7
TOYOTA (TMMC)	218,011	166,131	31.2
CAMI	62,746	79,961	-21.5
TOTAL	641,775	617,086	4.0

Source: JAMA Canada

Motor Vehicle Exports from Canada

	Jan-Dec 2002	Jan-Dec 2001	% Change
HONDA (HCM)	269,376	297,092	-9.3
TOYOTA (TMMC)	164,958	127,486	29.4
CAMI	54,467	72,939	-25.3
TOTAL	488,801	497,517	-1.8

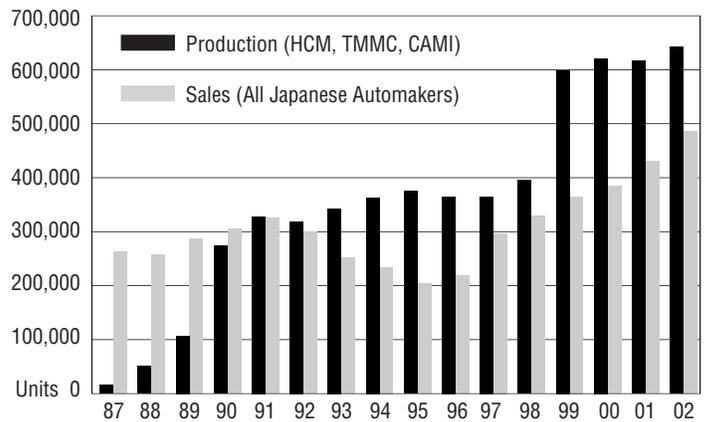
Source: JAMA Canada

Vehicle Imports (Shipments) to Canada

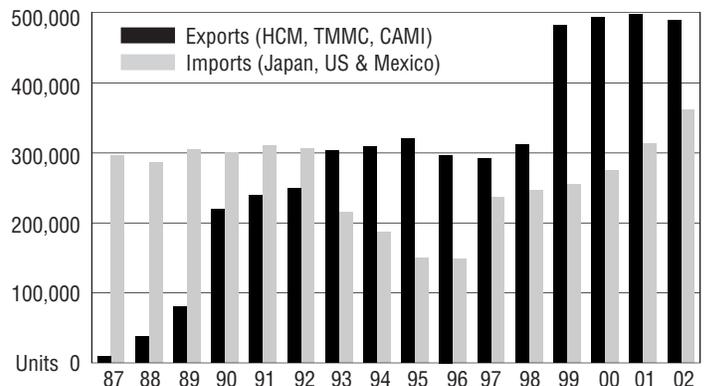
	Jan-Dec 2002	Jan-Dec 2001	% Change
JAPAN	234,661	188,818	24.3
U.S./MEXICO	127,013	124,605	1.9
TOTAL	361,674	313,423	15.4

Source: JAMA, JAMA Canada

Vehicle Production & Sales in Canada (1987-2002)



Vehicle Export & Imports (1987-2002)



Commercial Truck Sales in Canada – Medium & Heavy Duty (Class 4-8)

	2002	2001	% Change
MEDIUM DUTY (Japanese)	1,018	957	6.4%
• HINO (Class 5-7)	923	854	8.1%
• MITSUBISHI FUSO (Class 4-7)	95	103	-7.8%
MEDIUM DUTY (All Companies)	11,598	12,525	-7.4%
HEAVY DUTY (Class 8 - All Companies)	20,341	18,495	10.0%
GRAND TOTAL - Medium/Heavy Duty	31,939	31,020	3.0%

Among individual members, five companies set new high light vehicle sales records in 2002. Honda Canada continues to be the volume leader with a 12-month tally of 165,331 units. While the Civic was the best selling passenger car for the 5th year in a row, Honda's sales gains came largely from light trucks, up 43.0% year over year. Toyota Canada was the growth leader with a unit sales gain of 19.6%, to an all-time high of 152,766 units. Most of Toyota's gain came from passenger cars which supported record output of Corolla and Matrix at TMMC in Cambridge. Nissan Canada also set a new sales record, gaining 14.1% to 64,661 units, a result of a number of new models introduced in 2002, particularly in the Infiniti division whose sales soared 85.1% over 2001. Mazda Canada forged a new sales peak of 71,140 units, a 3.1% increase over last year. Sales of North American-built trucks, which more than doubled in 2002, were instrumental in reaching record sales. Subaru Canada achieved record sales performance, up 12.0% to 17,236 units on strong sales of both cars and light trucks. Suzuki Canada finished up 2002 with stellar sales in December up 68.9% which resulted in a full year total that was just short of 2001 at 11,558 units, led by passenger cars sales that gained 42.6% compared to the previous year, and offset by a 25% drop in light truck sales. Finally, in the medium and heavy duty truck segment, Hino Diesel Trucks Canada broke their previous sales record in 2002 with a gain of 6.3% to 901 units.

Among other automakers, Mitsubishi Canada had entered the Canadian market for the first time in September 2002. At the end of the year, sales reached 3,223 units, of which 885 passenger vehicles were manufactured in the US. This is a reasonably good start, since there are only 31 dealers that have started up across Canada. Their target for 2003 is to have 51 dealers operational and sales to reach

JAMA Canada members had 5 of the 10 top-selling passenger cars in 2002

1. Honda Civic	(69,973 units sold)
2. Chevrolet Cavalier	(53,614 units sold)
3. Mazda Protegé	(48,872 units sold)
4. Pontiac Sunfire	(46,036 units sold)
5. Toyota Corolla	(44,790 units sold)
6. Ford Focus	(40,228 units sold)
7. Honda Accord	(30,060 units sold)
8. Toyota Camry	(28,967 units sold)
9. Hyundai Accent	(26,538 units sold)
10. Volkswagen Jetta	(23,984 units sold)

15,000-20,000 for the full year. Four new models will be introduced in 2003 that will give Mitsubishi a full roster of passenger cars and SUVs for the Canadian market.

Korean automakers (Hyundai and Kia - Daewoo ceased operations in 2002) sold about 96,300 units in 2002, up 11.1% over 2001 for a market share of 5.7%, up slightly from 5.5% last year.

European automakers, with the exception of Volkswagen fared well in 2002, with sales of almost 98,500 units, up 10.0% from 89,500 in 2001. Market share was almost unchanged at 5.8%.

The Outlook for 2003

Coming off an all-time record sales year, forecasts are cautiously optimistic that sales will remain above 1.6 million units for 2003 on the basis that the Canadian economic outlook is positive, and will likely outperform US auto sales again in 2003. So while the outlook suggests sales will soften slightly in 2003, most forecasts are looking for perhaps the second highest sales year on record.

Current forecasts:

Scotiabank Economics	1.68 million
J.D Power	1.67 million
Autofacts (PWC)	1.63 million
Desrosiers	1.61 million

The Canadian market was strong in 2002 for a variety of reasons. According to Dennis Desrosiers, President of Desrosiers Automotive Consultants, "Some of these include, record levels of vehicle usage, a return of the market for fleet vehicles, the entry into the Canadian market of new competitors such as Mitsubishi and Kia, consumers with leased vehicles returning to the market to repurchase a new vehicle, a healthy resale market which kept resale values stable, and a record number of new product introductions."

"This unique set of very positive variables will be difficult to repeat in 2003. We don't anticipate a free fall in the market, but we do believe there will be a slight pull back in demand to more normal sales levels. We are forecasting the light vehicle market to fall from 1.703 million units in 2002 to 1.617 million units in 2003 a decline of 5.0 percent. Despite the decline, this will be the second best market on record. A couple of notes of caution: if the US does invade Iraq we would expect this forecast to be optimistic. The Canadian auto sector is totally integrated into the US auto sector and any serious downturn in the US would seriously impact Canada. On the other hand, this forecast is based on the vehicle companies being less generous with incentives in 2003. If the vehicle companies were to offer the incentives available through most of 2002 over the next 12 months, then the Canadian market would significantly outperform our forecast. We still don't believe there is any possible way that 2003 could reach the record levels of 2002, but sales would be higher than our forecast."

Vehicle Production in Canada

Three production facilities in Canada (HCM, TMMC and CAMI) together exceeded the previous high in 2000 to a new peak of over 641,000 units. While TMMC built a record number of units in 2002 as a result of strong demand for the Corolla and Matrix, up 31.2% to 218,000 units, Honda output dipped 2.7% due to the

■ Continued from page 3... *Statistical Review 2002*

impact of the port dispute in the US and the ramp up of Pilot production earlier in the year. Capacity at HCM is being increased in 2003 from 360,000 to 390,000 units in two plants. CAMI production continued to fall on a series of scheduled cutbacks in output during the year. Preliminary data indicates CAMI output of Chevrolet Tracker and Suzuki Vitara dropped 21.5% to 62,000 units. General Motors announced a few months ago that a new compact SUV called the Equinox would be built at CAMI for GM in North America beginning in late 2004.

Vehicle Exports in 2002

Combined vehicle exports slid 2.1% in 2002 as a result of lower output at HCM and CAMI, and because the Canadian market was stronger than the main export market in the US. As a result, the export to production ratio dropped from 80% in 2001 to 76.2% in 2002. Total exports were almost 489,000 units down about 8,000 units from 2001. While most vehicles were shipped to markets in the US, over 30,600 vehicles were exported to more than a dozen other countries during 2002.

Based on preliminary data, once again Canada was a net exporter of 'Japanese' vehicles in 2002 as exports outstripped imports by about 127,000 units. Exports have exceeded imports every year since 1993. In the past 10 years, over 1.5 million more vehicles have been shipped out of Canada than have been imported from Japan, the US and Mexico combined.

Vehicle Imports in 2002

Shipments of 'Japanese brand' vehicles from all countries rose in response to strong market demand in Canada during 2002. Vehicle imports were up 15.4% overall to 361,674 units including 234,661 units from Japan, a year over year increase of 24.3%, and 127,013 vehicles brought in from plants in the US and Mexico, up 1.9% over the previous year.

2003 AJAC Car of the Year Awards

Nissan Canada has received an unprecedented five 2003 Car of the Year Awards from AJAC, the Automotive Journalists Association of Canada, including best car and truck of the year announced recently at the Canadian International Auto Show preview in Toronto. The Nissan 350Z sports car captured three AJAC Awards. Honda, Mazda and Mitsubishi also won awards for 2003 models announced in November 2002.

AJAC Awards are determined by AJAC automotive journalists as a result of a four-day test comparing new or substantially new 2003 model year vehicles at Shannonville Motorsport Park in Belleville, Ontario. Not all JAMA Canada members choose to participate in the AJAC Awards.



Nissan 350Z: Car of the Year, Best New Design, Sports/Performance Car



Honda Accord Sedan: Family Car



Nissan Murano: Truck of the Year, SUV (under \$45,000)



MazdaSpeed Protegé: Best New Sports Coupe/Sedan (under \$35,000)



Mitsubishi Lancer ES: Economy Car

Canada to Harmonize Stringent New Vehicle Emission Regulations with US in 2004

New Canadian regulations requiring that on-road vehicles and engines comply with the next generation of tougher emission standards have been released.

Following extensive consultations, the On-Road Vehicle and Engine Emission Regulations were published in the Canada Gazette, Part II on January 1. These regulations introduce more stringent emission standards for 2004 and later model vehicles and engines, effective January 1, 2004. This measure will result in progressively reduced annual emissions of pollutants that form smog as these cleaner vehicles are introduced into the Canadian fleet.

"Vehicles are a major source of the air pollutants that contribute to the formation of smog," said the Honourable David Anderson, Minister of the Environment. "These new stringent regulations under the Canadian Environmental Protection Act reduce the level of smog-forming emissions from new on-road vehicles by up to 95% relative to current limits."

It is estimated that in 2020, the regulations will contribute to the following emission reductions from the fleet of on-road vehicles operated in Canada: nitrogen oxides (-73%), particulate matter (-64%), carbon monoxide (-23%) and volatile organic compounds (-14%). This measure will also result in decreased emissions of several pollutants, which have been declared "toxic" under CEPA 1999, such as benzene and acetaldehyde.

The On-Road Vehicle and Engine Emission Regulations complement previously announced regulatory initiatives to significantly reduce the sulphur content in both gasoline and diesel fuel which are also part of the government's clean air agenda.

The regulations set out technical standards for vehicles and engines respecting exhaust, evaporative and crankcase emissions, on-board diagnostics systems and other specifications related to emission control systems. The technical standards corresponding to the U.S. EPA standards are incorporated by reference from the U.S. Code of Federal Regulations to ensure that the standards are identical in both countries.

The regulations ensure that 2004 and later model year on-road vehicles and engines entering the Canadian market beginning on January 1, 2004 will meet progressively more stringent exhaust emission standards. Phase-in schedules vary by vehicle class and include: updated standards for light-duty vehicles, light-duty trucks, motorcycles and medium-duty passenger vehicles which will be phased in over the 2004 to 2009 model years; and a two phase approach for the new emission standards for heavy-duty engines: Phase 1 (2004-2006) and Phase 2 (2007-2010).

The regulations also establish a unique national emissions mark. Companies will be required to affix this mark to new vehicles and engines that are manufactured in Canada to provide assurance that such products comply with the standards set out in the regulations. On the other hand, imported vehicles and engines are required to comply with the standards as a condition of their importation into Canada.

Classes of Vehicles and Engines to be covered by the regulations

The regulations specify classes of on-road vehicles and engines subject to the emission requirements that are aligned with corresponding U.S. EPA rules. Two new classes are added. The "medium-duty passenger vehicle" class is designed to subject heavier passenger-type vehicles such as vans and sport utility vehicles to the same set of emission standards as passenger cars and other light-duty trucks. The "complete heavy-duty vehicle" class is similarly a new subclass of heavy-duty vehicle (e.g., large utility vans) that will be subject to standards and testing procedures resembling those for light-duty vehicles.

Under the regulations, heavy-duty engines will be directly regulated for the first time. Under the Motor Vehicle Safety Act these engines were regulated only when installed in heavy-duty vehicles.

Amino Corporation to Establish Fluid Forming Facility in Ontario

Amino Corporation's first North American manufacturing center will be opened in St. Thomas, Ontario in 2004. Having recently purchased a modern 30,000 square foot building in St. Thomas, Amino's total investment, including land, building and equipment is estimated at \$10 - \$12 million.

"St. Thomas is a growing community with a great deal to offer today's manufacturer" said Amino President, Hiroyuki Amino. "We chose St. Thomas after examining the cost competitiveness of the city, quality of local labour, and proximity to customers. We are confident that we have made the best possible choice for our first North American facility by locating in St. Thomas."

The St. Thomas location will utilize Amino's advanced expertise in fluid forming (sheet hydroforming) technology to produce automotive body panels for specialty and niche vehicles. The St. Thomas facility will also provide sales and service in North America for Amino Japan. Initially, 2-3 presses, transfer equipment and other machinery will be installed at the St. Thomas plant.

Initial employment is expected to be approximately 20 people, including production and engineering staff. The facility is scheduled to open at the beginning of 2004 with production starting in April 2004. Amino Corporation plans to expand the facility within the next four years to increase production capability as business expands. Amino Corporation also plans to open a Technical Centre within 5-6 years to conduct tryout, prototyping and other research and development work.

St. Thomas Mayor Peter Ostojic said "We are proud to be associated with a world leader in sheet hydroforming technology. Amino Corporation is an innovative manufacturer that is on the cutting edge of research and development in its field. We welcome Amino to our community and looking forward to working with this company in its continued success."

Established in 1930, Amino Corporation is based in Fujinomiya, Japan and has over seventy years experience in the Japanese metal forming industry. Amino Corporation is considered an industry pioneer with over 200 registered patents in the field of plasticity and press technology.

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



The New Year 2003 – Economically Lean But Environmentally Green

Japan's economy continues to suffer from deflation, declining household spending, negative investment and stagnant economic growth. These are lean economic times in Japan and so with the auto market. The statistics tell this story. Japanese vehicle sales have remained flat since 1998 and still hover below 6 million units compared to the peak levels of 7.8 million units in 1990.

Sales of passenger cars grew by 3.3 percent over the first nine months of 2002, but truck sales declined by 17 percent leaving overall sales in negative territory. The outlook for 2003 is that vehicle sales will continue to remain flat. There is little optimism for significant recovery. Nevertheless, there is another story. While a rebound in auto sales seems premature, the pace of technological development is booming. The big impetus is rapidly rising environmental consciousness in Japan increasing environmental standards, and an overriding commitment on the part of the auto companies to develop "green" technology to meet the needs of society and the consumer. Notably, Japanese makers are moving aggressively to introduce hybrid vehicles to the market. These vehicles combine the traditional combustion engine with electric technology. They have low levels of harmful emissions and high levels of fuel economy, often exceeding 60 mpg. For example, Toyota has sold more than 120,000 hybrid vehicles since the introduction of its Prius and forecasts selling 300,000 a year by 2005. Honda has been aggressively selling its two hybrids, the Civic and the Insight. In addition, both companies recently distributed their first fuel cell vehicles in Japan and California. Truck and bus makers also are chasing green technology as demonstrated by the wide variety of hybrid, fuel cell and natural gas-driven vehicles presented at this year's Tokyo Motor Show for commercial vehicles. Meanwhile, manufacturers are introducing a variety of popular new smaller cars in response to a sharp shift in demand toward smaller vehicles. This shift arises both from the slow economy and increasing consideration by consumers of environmental priorities in their car purchases. In 1996, for example, 21 percent of the car market consisted of cars with engine capacity greater than 2000 cc. That share has steadily dropped and in the first nine months of 2002 had fallen further from 17.3 percent in 2001 to 15.1 percent.

The Future

The year 2003 opens with a high degree of uncertainty. Topping the list of uncertainties is a sluggish global economy, rising terrorism, unrest in the Middle East and possible war with Iraq. Against this background, automobile companies worldwide face specific challenges including weak or weakening auto markets, intensifying competition and shifting demand. Yet, the success in the industry today is not to be measured by sales alone. Rather it is to be measured by the development of technology that will offer the consumer a vehicle with the highest standard of performance,

durability, safety, fuel efficiency and environmental protection. In this sense, this new year may be lean, but true performance for the future will be measured by the development and introduction of new "green" technologies.

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

Nissan Maxima Production Launched in Tennessee



As the first Maxima rolls off the assembly line, Tennessee Governor Phil Bredesen (right) congratulates Emil Hassan, Senior Vice President, Manufacturing, Purchasing, Quality, Logistics, Nissan North America.

Year End Snapshot of the Motor Vehicle Industry in Japan

Motor Vehicle Industry in Japan		
Passenger Cars, Trucks, Buses		TOTAL
PRODUCTION ¹	Jan-Dec 2002	10,257,690
	Jan-Dec 2001	9,777,191
	% change	4.9
EXPORTS ²	Jan-Dec 2002	4,698,726
	Jan-Dec 2001	4,166,089
	% change	12.8
SALES/ REGISTRATIONS ³	Jan-Dec 2002	5,792,093
	Jan-Dec 2001	5,906,471
	% change	- 1.9
IMPORT VEHICLE SALES ^{4*}	Jan-Dec 2002	277,065
	Jan-Dec 2001	275,279
	% change	0.6

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