

The Motor Industry of Japan Dissected

JAMA Publishes Annual Report



JAMA has published its annual review of the automobile industry of Japan dissecting the trends of last year. The industry produced 10.05 million vehicles in Japan and sold nearly 5.9 million vehicles, maintaining its rank as the world's second largest producer of motor vehicles after the United States, representing 19 per cent of world production in 1998. Sales in 1999 fiscal year are forecasted to rise by 2.9 per cent to 6.04 million units compared to 1998 fiscal year.

1998 Domestic Performance and Exports

	CARS	TRUCKS	BUSES	TOTAL
Production	8,055,763 -5.1%	1,937,076 -20.0%	56,953 -8.5%	10,049,792 -8.4%
New Registrations	4,093,148 -8.9%	1,772,136 -20.1%	14,141 -10.3%	5,879,425 -12.6%
Exports	3,684,430 +2.9%	795,528 -13.5%	48,917 -10.4%	4,528,875 -0.5%

Note: 1. New Registrations include imported vehicles
2. Percentage figures represent change from previous year
Sources: Japan Automobile Manufacturers Assoc.; Japan Automobile Dealers Assoc.; Japan Mini-Vehicles Association

JAMA Update The Motor Industry of Japan Dissected

Topic

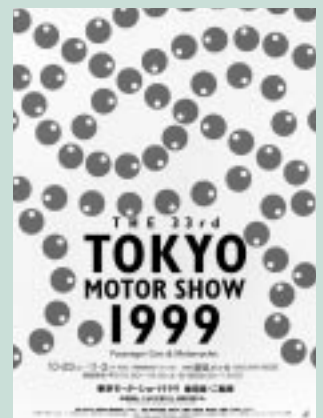
JAMA Car Market
Trend Survey

News Brief

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Changing Vehicles
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by Peter Nunn
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A Monthly Review of the Japanese Motor Vehicle Industry

Mini-cars and RV's Take a Larger Share of the New Car Market

In 1998, 81.5 per cent of car sales in Japan were in the small cars and mini-car segments, with mini-cars improving their share of the car market by 2.7 per cent compared to 1997. Sales have been boosted by the introduction in October 1998 of new regulatory limits designed to increase the safety of these cars and allowing for broader and longer mini-cars. In June, their sales rose 29.2 per cent, their ninth monthly rise in a row.

The market share of recreational vehicles (RV's), like sport utility vehicles (SUV's), mini-vans and station wagons, still grows strongly, representing over 50 per cent of sales (excluding mini vehicles and import models), up from 45 per cent in 1997. The market share of standard cars continued to decline, since reaching a peak of 20 per cent in 1995, with an 18.5 per cent share of the 1998 car market.

Imports Led by Europe

Over 70 per cent of standard car sales are European imports, in sharp contrast to their low overall share of the market. However, sales of imported cars in 1998 were badly hit by the slow domestic demand in Japan and sales declined for the second year in a row, dropping by 22.2 per cent to 265,848 units, with their share of the passenger car market

slipping 1.1 per cent from 1997 to 6.5 per cent. The import figures include imports from Japanese-owned factories outside Japan, which fell by 53 per cent to 23,804 units.

European cars dominate the import market, taking an overall share of 79.3 per cent of the market with 210,888 units. 53,462 US-made vehicles were sold. In 1999, the import car market is expected to show some slight improvement. Indeed, car imports have already risen by 4.7 per cent in the first six months of 1999.

Leading the Way on Alternative Energy Technologies and Recycling

In March 1999, some 2,500 electric vehicles (EVs) were on Japanese roads. In December 1997, Japan became the first to mass-produce and commercialise hybrid vehicles, powered with a gasoline engine and an electric motor. Since March 1999, some 22,500 hybrid cars are running on the roads: a clear indication of their growing popularity amongst consumers. Liquefied petroleum gas (LPG) and compressed natural gas (CNG) are also being used, especially in many urban taxis and trucks, albeit still less than 1 per cent of the market.

Some 5 million cars are now end-of-life vehicles (ELVs) with most of them being recycled, with the proportion

(by weight) now reaching 75 per cent. Under a MITI recycling initiative, the ratio of recycled parts of new vehicles will be raised to 85 per cent or more by 2000 and the volume of vehicle shredder residue to be disposed of in landfills will be cut to three-fifths or less of the 1996 levels by 2002.

Exports Fall

Exports fell 0.5 per cent in 1998. Exports to the Asian region suffered their sharpest decline ever of 56.3 per cent, but were balanced by good exports to the healthy European and US markets, with exports growing by 9.2 per cent and 3.3 per cent respectively. The highest growth export market was the Middle East with exports rising 31.5 per cent.

“The Japanese auto industry produced more vehicles overseas than were exported from Japan.”

European and North American markets are expected to remain firm, but the recovery of Asian markets is expected to require more time. In addition, increased overseas production in Europe and the US means that the Japanese auto industry produced more vehicles overseas than were exported from Japan. ■

The Shape of the Car Market

1998 CAR MARKET BY CATEGORY			1998 IMPORTED CAR MARKET BY CATEGORY		
Small cars (661-2000cc)	58.4%		Standard cars (2000cc+)	70.2%	
Mini-cars (660cc)	23.1%		Small cars (661-2000cc)	29.8%	
Standard cars (2000cc+)	18.5%				
TOP 10 BEST SELLERS			TOP 10 BEST SELLING IMPORTERS		
	1998	%Change		1998	%Change
1. Toyota Corolla	196,498	-17.5	1. Mercedes-Benz	42,556	+1.0
2. Nissan Cube	107,857	NA	2. Volkswagen	41,652	-15.9
3. Mazda Demio	102,377	+16.0	3. BMW	33,309	+8.2
4. Nissan March	94,712	-34.2	4. GM	25,383	-30.0
5. Toyota Starlet	93,820	-19.9	5. Opel	24,223	-29.6
6. Honda Step Wagon	93,280	-15.1	6. Volvo	16,392	-17.8
7. Toyota Mark II	90,491	-28.6	7. Rover	16,228	-41.0
8. Toyota Crown	73,948	-32.6	8. Audi	8,882	-17.7
9. Mitsubishi Chariol Grandis	70,644	+376.4	9. Chrysler	8,823	-42.6
10. Nissan Sunny	66,894	-6.3	10. Honda	8,750	-70.8
<small>Note: NA, Not Available Source: Japan Automobile Dealers Assoc.</small>			<small>Note: GM includes the GM-made Toyota Cavalier; BMW includes units manufactured in the US; Volvo includes units manufactured in the Netherlands; and Mercedes-Benz includes units manufactured in the US and Spain</small>		

JAMA Car Market Trend Survey

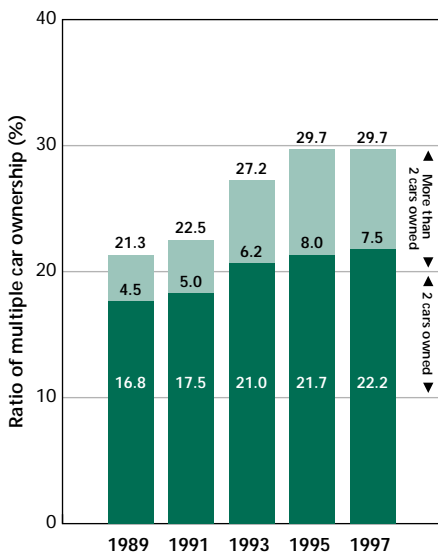
Increased Multiple Car Ownership is Changing the Market

Recently, JAMA published its latest survey of market trends in the Japanese car market. It is only available in Japanese, but we have summarised the main findings and reproduced some of the tables contained in the report. The most striking trend in the market is the growth of households owning more than one car and the consequent growing diversity of the car market, with more than 50 million on the road.

The RV-Mini-Car Combination

Statistics show an average of 1.5 cars per household; with nearly 30 per cent of all households (including non-car owners) have more than two cars. People are buying more used cars as a second car, but the real growth is the RV (recreational vehicle) and mini-car combination, known as Kei cars. Kei cars are prized for their practicality on Japanese roads and also for their fuel efficiency and preferential tax treatment.

Increase in Multiple Car Ownership



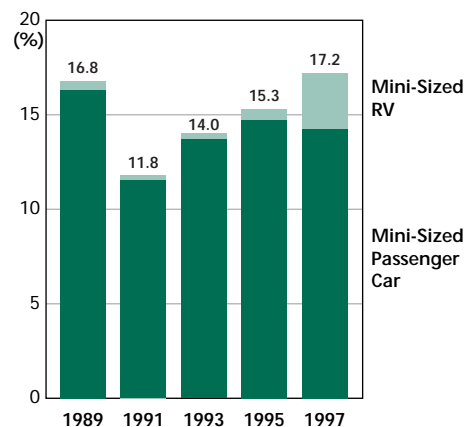
The main reason for a household to purchase a second car is the simple fact that there are more drivers than before in individual households, and the second car is needed for shopping and errands, especially by wives and children. As this trend has increased, consumers have been looking for more diverse types of car to suit their lifestyles. If in the past a classic sedan was the most desirable vehicle as the "first" car, today an RV is the more likely choice.

Replacement Demand

The survey found that the most important considerations for future replacement vehicles would be price, fuel efficiency, safety and extras, such as environmentally friendly features. Multiple car ownership is on the rise, with the fastest growth expected in dual-income couples under 40, young couples with children, and couples in their 60's. So it will not be uniform, but car numbers in Japan and their diversity are set to increase. ■

Increased Choice of Mini-Cars

(Households consisting of married couples in their 50s and above only)

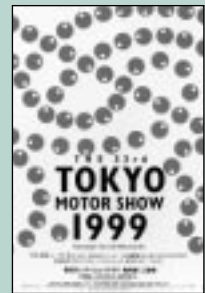


EYE TO THE FUTURE CHANGING VEHICLES FOR THE EARTH

The 33rd Tokyo Motor Show

On 20th October, the Makuhari Messe exhibition centre will open its doors to the world's media coming to see the latest cars and motorcycles from the global automotive industry at the 33rd Tokyo Motor Show. Three days later, the general public will come. During the two-week show, the conference area will be packed with people, as the show regularly attracts over 1.5 million visitors.

In the past, the Tokyo Motor Show has been all-inclusive. But from this year onwards, the show will be separated into two, with the exhibition this year of cars and motorcycles and the truck show in 2000.



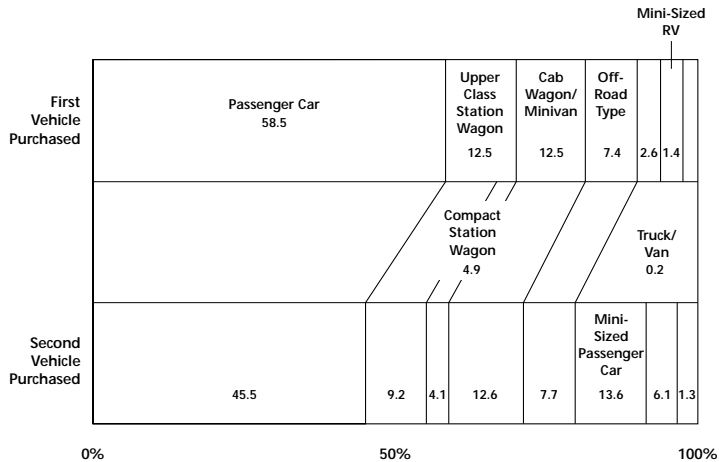
The Individual and the Environment

It is not surprising that the show is focusing on the next century, but the focus is twofold: not only to exhibit attractive cars and motorcycles in line with changing lifestyles, but also vehicles that are more environmentally friendly. The organisers of the show, the Japan Motor Industry Federation (JMIF) considers that automakers have a responsibility to offer vehicles that are kinder to the environment. This is a central challenge to meet as the motor car adapts itself to the 21st century.

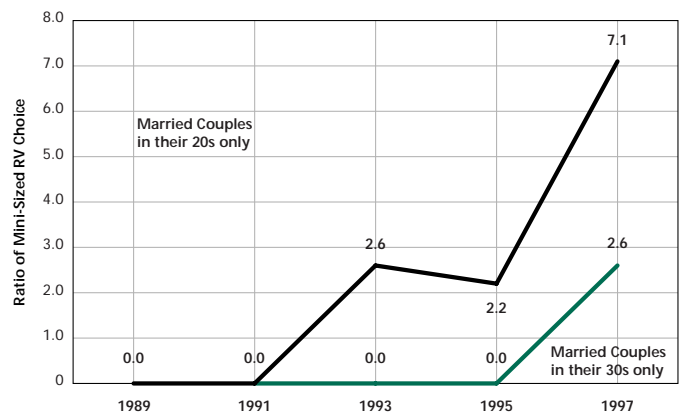
100 Years of Automobiles in Japan

1999 marks the 101st anniversary of motoring in Japan, which saw for the first time on its roads foreign made cars. The exhibition is designed to present famous cars and motorcycles against their historical background, so emphasising how the motor car has changed modern societies and in turn were changed themselves in a continuous process of evolution. ■

Types of First and Second Cars



Increased Demand for Compact RV's



Essay

by Peter NUNN

Vehicles for the Aged and Disabled

Japan's car industry is responding to the growing number of elderly Japanese in society through a new series of cars designed expressly for them.

At Toyota, these are the Welcab series. Nissan's are called Lifecare. The idea is to take a standard car or multi purpose vehicle and adapt it to the needs of the elderly or disabled. The outer body looks completely normal. Inside, seating, driving controls and perhaps storage space as well have been modified to assist those with mobility problems.



Multi purpose vehicle with slide seat

True-to-form, these "welfare" cars (as they are called) are becoming ever more sophisticated. They're also becoming increasingly commonplace. Barely a new model is launched these days in Japan without one particular welfare version included in the line-up. Nissan's new Sunny Driving Helper, which has power steering that cuts steering effort by half and has a folding driver's seat extension to

ease entry and exit from a wheelchair, among other things, is just one such example.



Multi purpose vehicle with rear lift

Another idea – a left-side passenger seat that swings through 90-degrees, also perhaps hinging down and out of the vehicle to ease entry/exit – has been picked up by a number of Japanese makers.

Multi purpose vehicles with rear lifts to accept wheelchairs are also featuring more, even down in the tiny 660 cc mini-car class, too. A lot of thought has also gone into the easy storage of collapsible wheelchairs in the back of sedans, wagons and hatchbacks.

As Japan's largest carmaker, Toyota offers an especially wide array of vehicles (some 25 at the last count) and different designs to help the elderly and disabled. Toyota has also opened new, purpose-built Welcab showrooms in Tokyo and Kobe, which may well be the first of their kind in the world.

In the end, more vehicles on the road mean greater transport choice and a fast-growing market. A decade ago in Japan, the annual tally for welfare-type cars could be counted in the hundreds. Today, the market is 10,000 units-plus and counting, increasing some 40-50% year-by-year as this praiseworthy cause gathers strength. ■

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