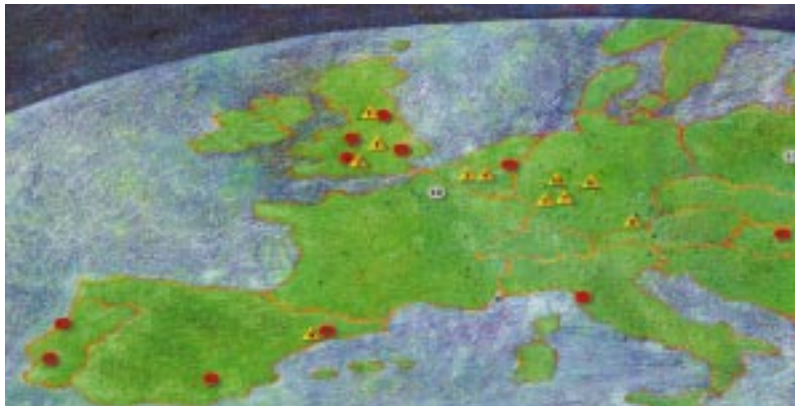


JAMA Update

VOLUME 9 N°9
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The Japanese Automakers are Part of Europe

Investment and Employment in Europe Continues to Grow



Japanese automakers produced more than one million vehicles in Europe in 1998 and production is set to grow, creating employment and offering consumers a wider choice of locally produced products. This issue profiles their European activities and gives the latest information on their investment plans. We also look at the growing co-operation between Japanese and European automakers in joint ventures, sales arrangements, and technical and environmental development. European automotive supplier firms also benefited from their growing presence – selling more than \$6.6bn worth of parts to the Japanese automakers in 1998.

JAMA Update

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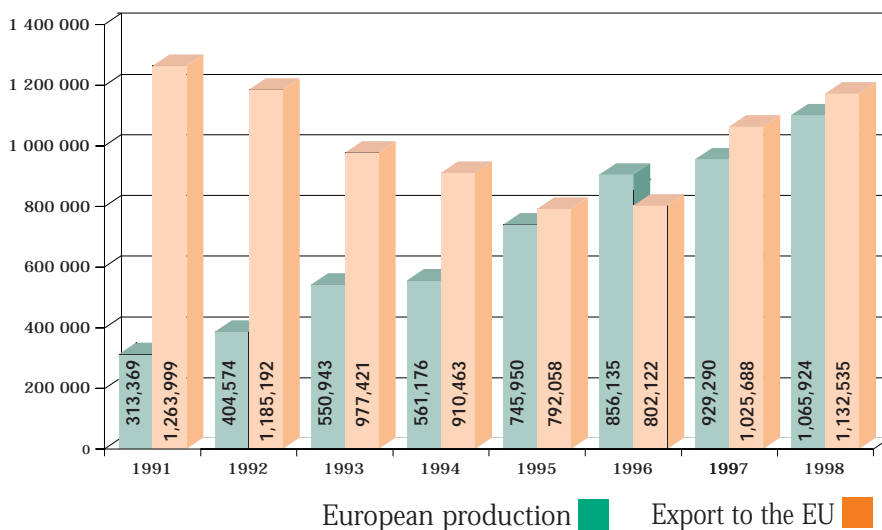
Topic

Moving Ahead in Europe

Profile

Focus on Car Recycling

European Local Production and Exports from Japan



Producing in Europe for Europeans

European production started in 1983 and has been built-up rapidly with nearly 50 per cent of European sales now being met with local products from 12 factories in six European countries, backed-up by ten R&D centres across Europe.

This trend is set to continue as Japanese automakers aim to design and produce more vehicles tailored to European tastes in Europe, with exports from Japan declining as local production grows. Europe has benefited from this growing industrial activity through substantial inward investment and the creation of 32,000 jobs directly in vehicle production and over 1,000 in R&D activities, and a further 150,000 indirectly in distribution and sales in 1998. ■

A Monthly Review of the Japanese Motor Vehicle Industry



Investing In Europe's Future

Between July 1998 and 2001, the Japanese automakers will have invested in 11 projects, in seven Western and Central European countries, creating over 6,400 jobs directly and more indirectly.



Honda, UK July 1999, Honda starts work on second European car plant co-located within the grounds of the company's original Plant at Swindon, UK.



Toyota, France November 1998, Toyota groundbreaking ceremony for a new production plant in Valenciennes, France.

Working With European Partners

The auto industry is highly competitive, but they do co-operate with each other. Presently, there are 25 different tie-ups between Japanese and European automakers. The links cover a wide range of activities. Many are technology links, with companies like Mitsubishi supplying fuel-efficient GDI engines to Nedcar and GDI technologies to Peugeot and Peugeot in turn supplying diesel engines to Nissan and Suzuki. Others are working together on the environmental front, for example, the co-operative work between Volkswagen and Toyota on recycling.

Working With European Suppliers

All the Japanese carmakers in the European Union outsource more than 80 per cent in value of car parts to European suppliers. As local production increases, so do the potential business opportunities for European automotive suppliers.

Production

- 1 Nissan Motor Mfg. (U.K.) Limited, Sunderland, UK
- 2 Toyota Motor Mfg. (U.K.) Limited, Burnaston, UK
- 3 IBC Vehicles Limited (Isuzu), Luton, UK
- 4 Honda of the U.K. Mfg., Limited, Swindon, UK
- 5 Netherlands Car B.V. (Mitsubishi), Born, The Netherlands
- 6 Magyar Suzuki Corporation, Esztergom, Hungary
- 7 P&D s.p.a. (Daihatsu), Pisa, Italy
- 8 Nissan Motor Iberica, S.A., Barcelona, Spain
- 9 Santana Motors S.A. (Suzuki), Linares, Spain
- 10 Mitsubishi Trucks Europe, S.A., Vila Franca de Xira, Portugal
- 11 Salvador Caetano I.M.V.T., S.A. (Toyota), Ovar, Portugal
- 12 Toyota, Valenciennes, France
- 13 Isuzu Motors Polska P.Z.O.O., Tychy City, Poland

Between April 1998 and March 1999, the Japanese automakers bought more than \$6.6bn worth of European parts, a 14.2 per cent increase from the year before.



Mitsubishi Pajero Pinin September 1999, Mitsubishi starts production of the Italian-built MPV, the Pajero Pinin in association with Pininfarina, in Turin.



Nissan Almera September 1999, Nissan's UK-built Almera is unveiled at the Frankfurt Motor Show.

New Investments in Europe

Company	Target date for production	Product	Location	Job Creation	Investment
Mitsubishi	July 1998	MPV- <i>Spacestar</i>	Ned Car, Netherlands	846	NLG681m
Isuzu	June 1999	Small diesel engines	Tychy, Poland	600	DM380m
Mitsubishi	Sept. 1999	MPV- <i>Pajero Pinin</i>	Torino, Italy	600	¥16bn
Toyota	End of 1999	1.6-1.8 litre class engines	Deeside, UK	-	£60m
Suzuki	Jan. 2000	Small Cars	Esztergom, Hungary	± 250	HUF16,000m
Nissan	2000	<i>Almera</i>	Sunderland, UK	800	£215m
Toyota	2000	Design Centre	Côte d'Azur, France	20-30	FFr90m
Nissan	From 2000	Small MPVs/ Diesel engines	Barcelona/Madrid, Spain	-	Pta70bn
Honda	Spring 2001	<i>Civic</i> , small car	Swindon, UK	1,000	£450m
Toyota	Spring 2001	Small-class passenger car	Valenciennes, France	± 2,000	FFr4bn
Toyota	2001	1.0-1.3 litre class engines	Deeside, UK	± 310	£150m

ad in Europe



R&D Centre

- 1 Nissan European Technology Centre, Cranfield, (Cranfield/Sunderland) Ltd., Sunderland, UK
- 2 Honda R&D Europe, (U.K.) Ltd., Swindon, UK
- 3 Nissan European Technology Centre (Brussels) Ltd., Brussels, Belgium
- 4 N.V. Toyota Motor Europe Marketing & Engineering S.A. Technical Center, Design Center (EPOC), Accessory & Service Center (TASC), Zaventem, Belgium
- 5 Mitsubishi Motor R&D Europe G.m.b.H., Trebur, Germany
- 6 Mazda R&D Representative Office, Oberursel, Germany
- 7 Honda R&D Europe G.m.b.H., Offenbach, Germany
- 8 Nissan Design Europe G.m.b.H., Munich, Germany
- 9 Nissan Motor Iberica, S.A., Barcelona, Spain

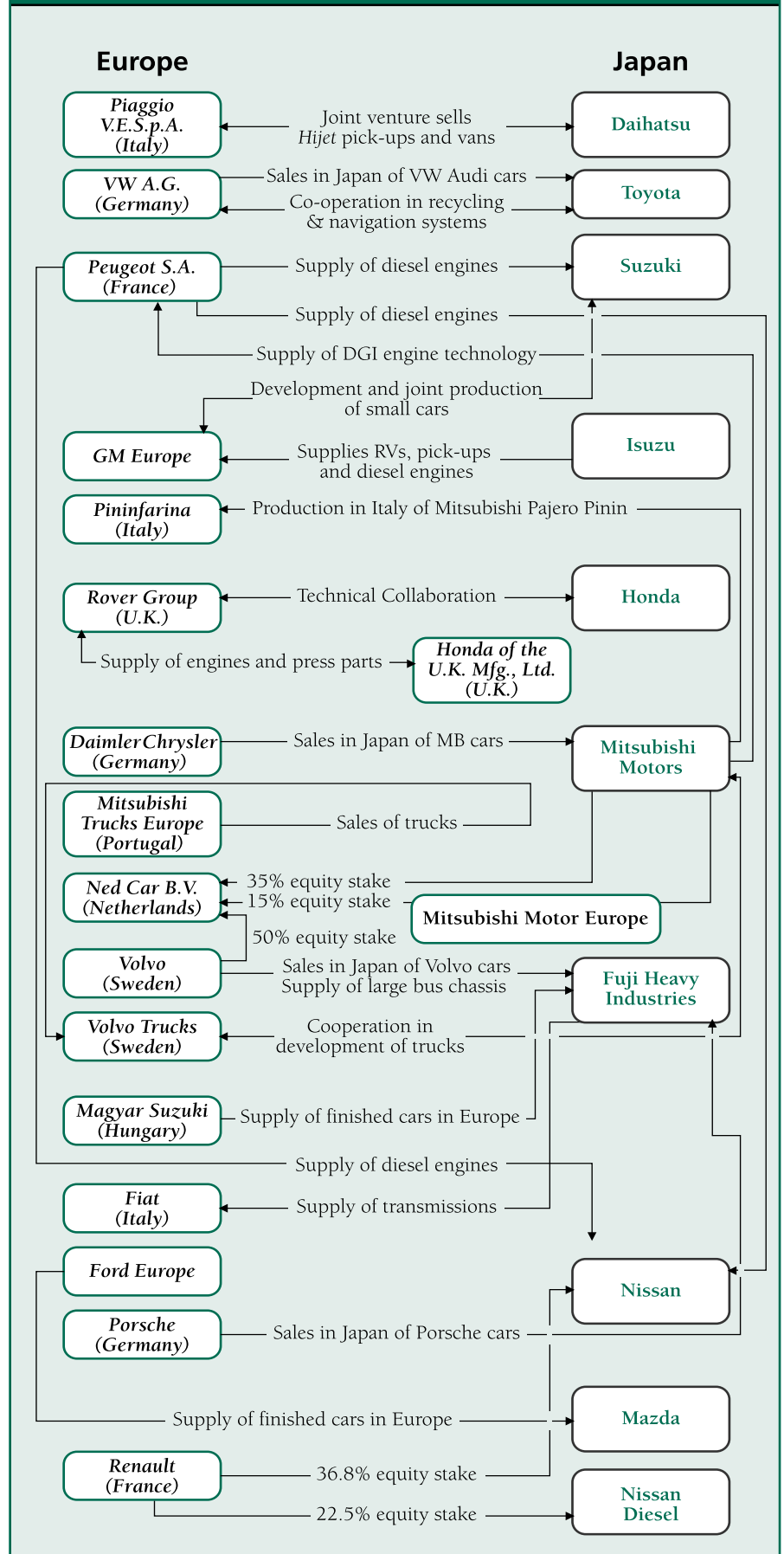


Suzuki Plant Hungary January 2000, Suzuki starts production of new small car model, developed jointly with GM Europe, in Esztergom, Hungary.

European Corporate Citizens

The Japanese automakers are committing themselves to Europe through their investments, business activities and employment and all aim to be good corporate citizens and are part of the industrial fabric of Europe. ■

Automotive Industry Ties



Focus on Car Recycling

Industry Looks to the European Parliament as it Starts its Second Reading of the Car Recycling Directive

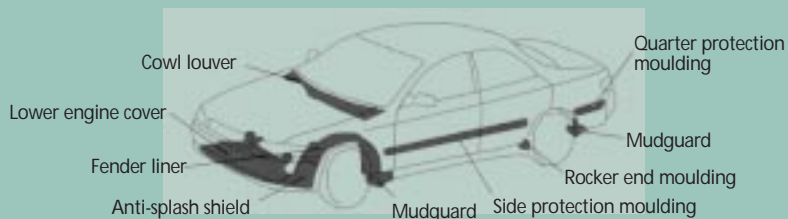
Dcreasing the amount of waste materials produced at the end of a car's life is a central challenge for car makers and the recycling industry. Already cars are recycled more than 75 per cent by weight, a very high ratio compared to other industrial products, and the automakers recognise their responsibility to design cars that are easier to dismantle and recycle.

For this reason, we welcome the EU draft law on car recycling and look forward to seeing the reaction of the European Parliament this Autumn to the position of the EU Environment Ministers. We hope that the Parliamentarians will further develop the draft legislative framework that will encourage consumers, industry and the authorities involved to work together to improve the recycling of cars. For the Japanese automakers, the central features that need to be taken into account are:

- **car treatment and recycling is done commercially by a disparate industry**, including dismantlers, shredders and metal industries. Making one player, like the automakers, responsible for all the costs will inevitably change this industry, as they will enter the dismantling industry to control their costs. This is not in the interests of the automakers or the dismantling industry, and Member States need flexibility on how they resolve the issue of injecting funds, if needed, into car recycling without market disruption.

- **materials used in car construction respond to engineering realities**. All the Japanese automakers are looking at ways to reduce the use of substances like lead and hexavalent cadmium in the construction of their cars. However,

Making Cars with Recycled Materials



Shaded areas show parts where recycled materials are used

often there are no existing alternatives to using these materials and so JAMA supports the establishment of a detailed technical list of these substances, their use, and a regular revision of this list, as alternative materials are developed.

- **recycling is only part of the whole life cycle of a car**. By overemphasising the recycling stage you discourage the use of materials, which might be harder to recycle like lightweight composite materials and steel/lead alloys, but offer the greater environmental benefit of reduced fuel consumption and CO2 emissions during the life of the car. So when looking at the recyclability of cars, the whole life cycle of the car has to be taken into account.

Industry Solutions

In Japan, the Japanese automakers are also researching and developing technologies aimed at reducing the volume of non-metallic waste (plastic parts, rubber, glass, etc), which has traditionally gone to landfill. Old bumpers are being used in making new bumpers; and tyres are being used as fuel in cement kilns. Some components are hard to recycle, like old carpets and mixed plastics, and industry would like to encourage their use as a fuel in energy generation. JAMA is sponsoring R&D into new techniques of compacting, solidifying, and gasifying non-metallic waste so that landfill volumes are reduced.

JAMA hopes that legislators will recognise that a legislative framework is needed that shares responsibility and costs fairly, does not disrupt the existing market structure, and encourages environmental innovation in the construction of vehicles. ■



JAMA R&D experimental facility for waste gasification.

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JAMA R&D experimental facility for waste volume reduction and solidification.

