

ROLLING OFF THE ASSEMBLY LINE

## Japan overtakes U.S. as world's largest vehicle producer

Kyodo News

Japan became the largest vehicle producing country in 2006 for the first time since 1993, surpassing the United States, according to a recent survey by the International Organization of Motor Vehicle Manufacturers.

2006 saw 11.48 million vehicles, including minivehicles with engines of up to 660 cc, produced in Japan, up 6.3 percent from a year earlier, the survey found.

The U.S., which had been at the top since 1994, fell to second, with production falling 5.7 percent to 11.26 million units for the fourth straight year of declines, said the Paris-based vehicle manufacturers' organization, which consists of 42 trade associations around the world.

Meanwhile, China emerged as the third-largest vehicle producing country, surpassing Germany. The nation's vehicle production swelled 25.9 percent to 7.18 million units, reflecting rapidly growing domestic demand for vehicles.

The change in the world's top vehicle producing nation occurred at a time when Japanese automakers are enjoying robust exports especially to the United States, while major U.S. automakers, including General Motors Corp. and Ford Motor Co., have largely cut domestic production.

In Japan, vehicle production expanded for the fifth consecutive year as robust exports overcame sluggish domestic sales, which have fallen for the past two years.

Some analysts voiced concern that Japanese automakers' strength may lead to a recurrence of trade conflicts between Japan and the United States and said that how Japanese automakers boost their production in North America will be key.

Japan was the world's largest vehicle production country from 1980 to 1993, due largely to aggressive exports to the United States.

But these aggressive exports led to a surge in trade friction between the two countries, and Japanese automakers, including Toyota Motor Corp., boosted their production in North America as a way to reduce such conflicts. Accordingly, the United States took the top spot from Japan in 1994 and had held it ever since.

### **Import sales fall 15%**

Sales of imported vehicles, including those made by Japanese carmakers abroad, slumped 14.9 percent in April from a year before to 14,172 vehicles, down for the 10th straight month, an industry group said Tuesday.

The total consists of 13,133 foreign-brand vehicles, down 16.0 percent for the 10th straight month of decline, and 1,039 Japanese vehicles produced overseas, up 3.6 percent, the Japan Automobile Importers Association said.

Sales dropped sharply due to an absence of new models following the debut of an array of new models between late 2005 and early 2006, an association official said, adding that sales were also sluggish prior to the next round of new car rollouts.

For foreign-brand vehicles, Volkswagen maintained its market leadership since the previous month with sales of 2,535 vehicles, down 23.2 percent from a year earlier.

BMW held at No. 2 with sales of 2,442 vehicles, down 11.1 percent. Mercedes-Benz was third, unchanged from March, with sales of 2,385 vehicles, down 26.3 percent, followed by BMW Mini and Audi.

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