

## **Productions In US Soars For Japanese Auto-Giants**

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Japan Automobile Manufacturers Association (JAMA), the Tokyo-based trade group that represents the country's major carmakers, Japanese automakers have given shape to 3.3 million cars and trucks in the U.S. last year compared to a 2.4 million in 2011.

Recovering from an earthquake and with a backing of weakening yen, Japanese automakers have marked their way by increasing the US vehicle production by 36 percent in the previous year which has further led to a hike in the imports from Japan by 19 per cent.

### **Improved market share**

With the increase in the auto sales last year since 2007, Japanese automakers have increased their market share by 2 per cent in 2011 i.e. to 36.9 percent, from 34.9 percent. The economy all over slowed down owing to the recent Earthquake which affected the production by hindering the output and cutting off the source of drawing the critical parts necessary to build a vehicle. But the major automakers, Toyota Motor Corp. (7203) (7203), Honda Motor Co. (HMC) and other Japanese automakers have bounced back fighting the storm.

As shared by Ron Bookbinder, general director of JAMA USA, during an interview, Japan is showing signs of recovery and soon it will find an antidote to emerge out as a winner, fighting the setbacks caused by recession, earthquake and tsunami. He also added that as long as the demand for vehicle holds up in the U.S. economy, the production should move in the same direction.

Weakening Yen has also been a benefactor to Japanese automakers, playing the dice in their favour. Since October 31st, during the period when Prime Minister Shinzo Abe started his campaign to lower Japan's currency in order to stimulate the economy, Yen has weakened by 19 percent against dollar. As reported by Morgan Stanley, this weakening in the currency has given Japanese automakers some leeway, allowing them to add an extra \$1,500 to \$2,000 per car and cutting down on the cost of production in Japan.

### **Hike in Imports**

As per the estimates shared by JAMA auto imports from Japan has increased to 1.7 million vehicles in the previous year, from a level of 1.4 million in 2011. Adam Jonas, an analyst for Morgan Stanley, predicts that the weaker yen has cushioned the Japanese automakers by cutting down on their manufacturing costs in the U.S. as the cars their mostly comprises of contents that are imported from Japan. He has estimated that the Japanese autos that are sold in the U.S. have almost 44 percent of Japan-made parts.

The U.S. sales at Nissan Motor Co. has increased to 25 percent in May, which is more than triple the industry wide gain, after it introduced a reduction in the prices on seven models. Honda is announcing a restyled 2014 Acura MDX with \$4,000 in additional features.