

Outlook of Japanese Automotive Industry

The 39th KAICA-JAPIA meeting in Seoul March 29, 2017

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Japan Auto Parts Industries Association = JAPIA



- 1. OEMs
- 2. JAPIA members
- 3. Topic Mexico



1. OEMs



Vehicle monthly sales in Japan aren't stable

(thousand unit) (%)

The sales of vehicles in Japan are recovering from the bottom in the past few months.

But, total sales in CY 2016 was ▲1.5% to the previous year.

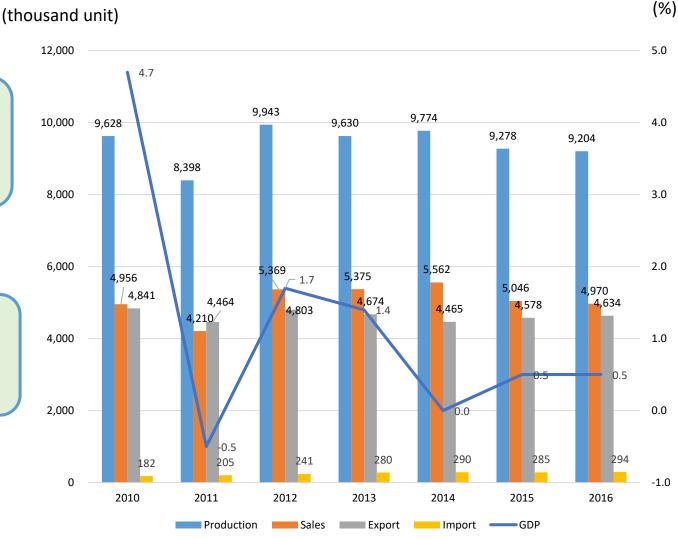


Production, sales, export and import of Japan



Domestic vehicle production and sales in 2016 were less than 2015.

Export in 2016 was better than domestic sales, but not so vivid.



Note: GDP 2016 is estimated by IMF Source: IMF, Cabinet Office & JAMA

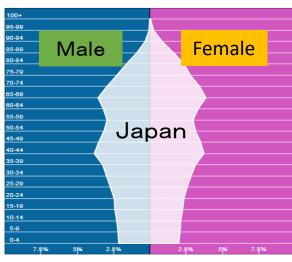


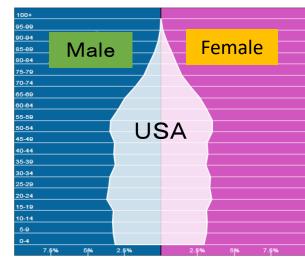
Population pyramid & driver's license holders

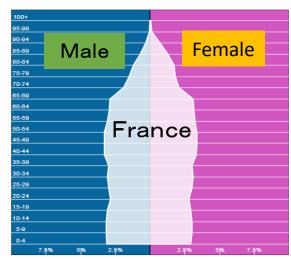
2016 126.323.000 2016

324.118.000

2016 64.668.000



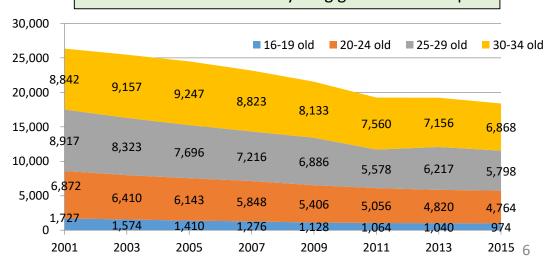




In accordance with decrease of young generation, license holders are also falling. Who buy vehicle!

Source: UN & NPA of Japan

Driver's License holders of young generation in Japan

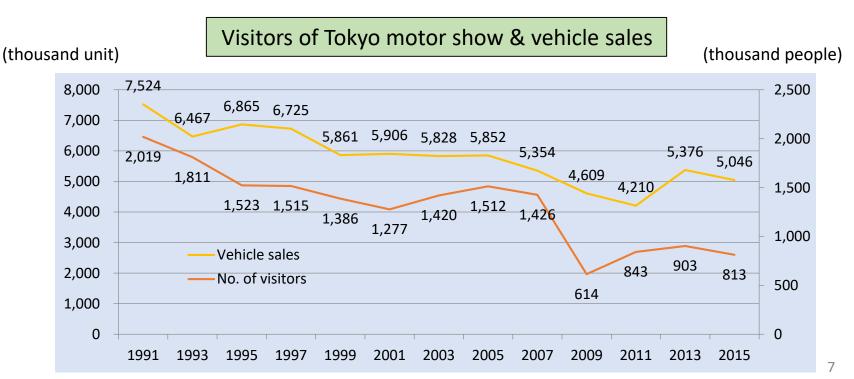




Young generation buys vehicles?

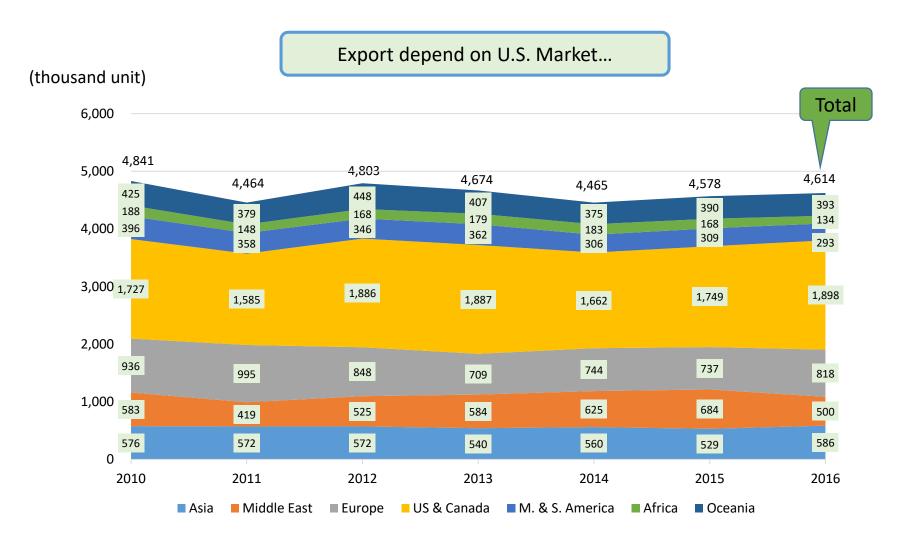
JAMA's questionnaire for young generation in 2016 said... (Young generation = 30 years old or less, engaged and no vehicle)

- Are you interested in Vehicles? = None and little interest are 69%!
- Do you want a vehicle? = None and little interest are 59%!



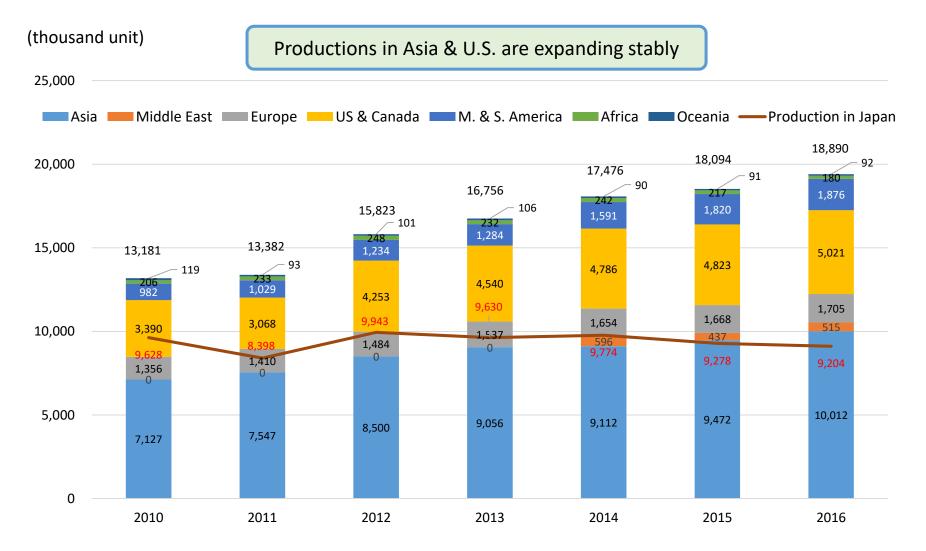
OEMs export by region





OEMs overseas production by region



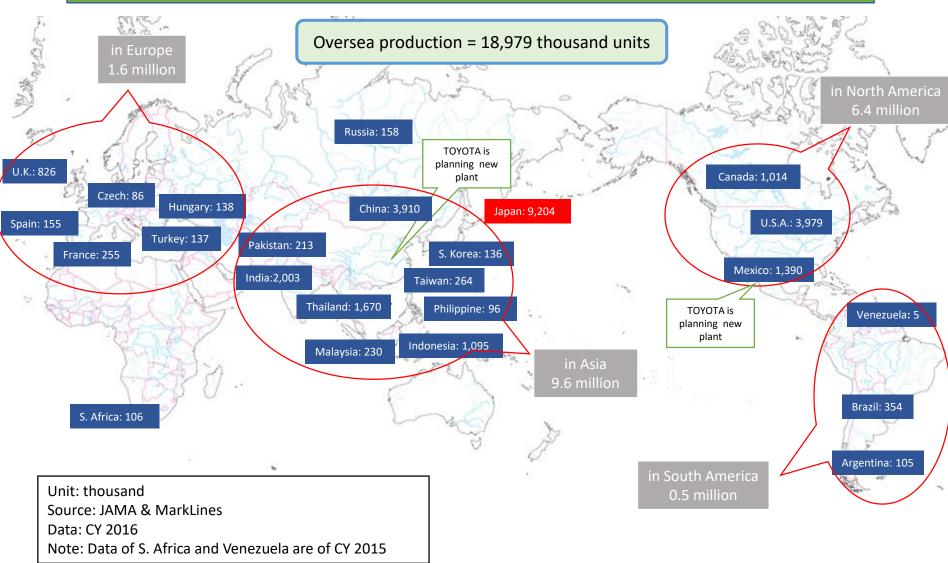


Note: Overseas production 2016 is estimated by growth rate between Jan. and Jun., 2016

No. of productions of Japanese OEMs by major countries (CY 2016)



Total No. of Production of Japanese OEMs in 2016 = 28,183 thousand units (1.6% increased to CY 2015)

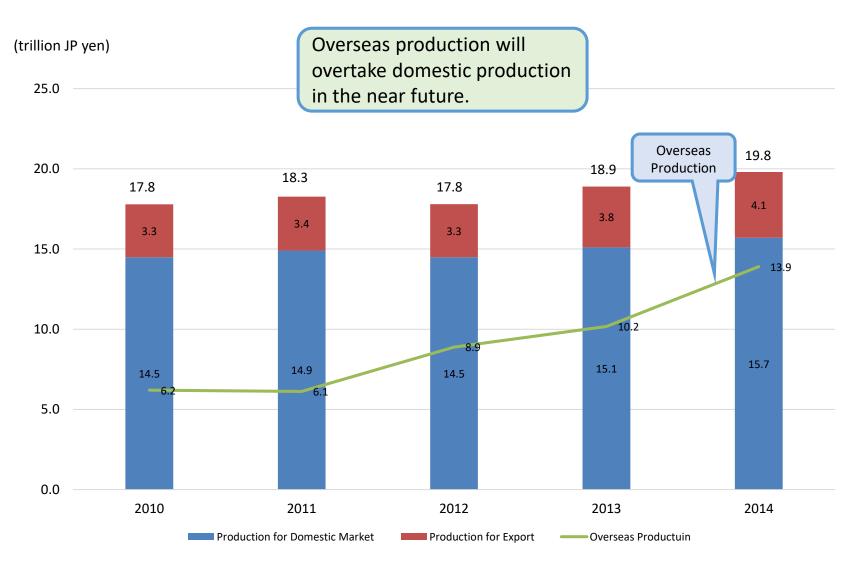




2. JAPIA members

Production of JAPIA members in Japan & overseas

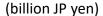




Data: in FY Source: JAPIA

Operating profits of JAPIA members by region





Profits from domestic production are going down and overseas productions are much more important for the members.



Data: FY 2015, as of March 2016

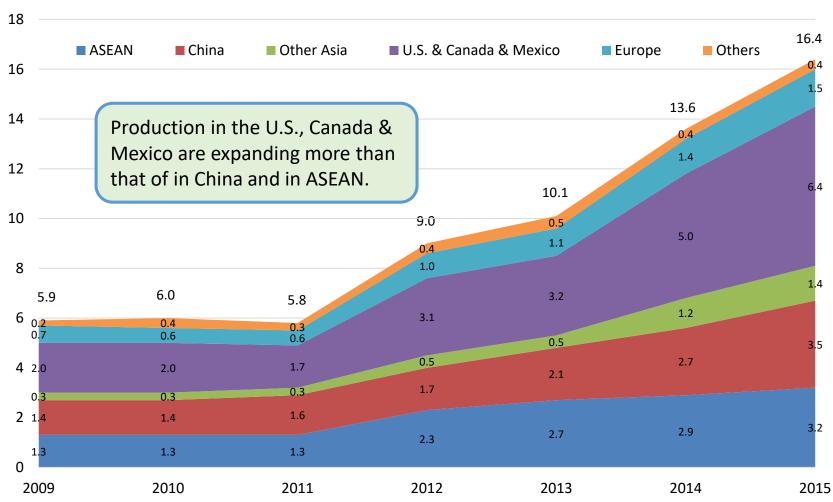
Source: JAPIA

Note: Figures are by inquiries from consolidated accounts of listed members and percentage of reply is about 55% to 65%

Overseas production of JAPIA members by region



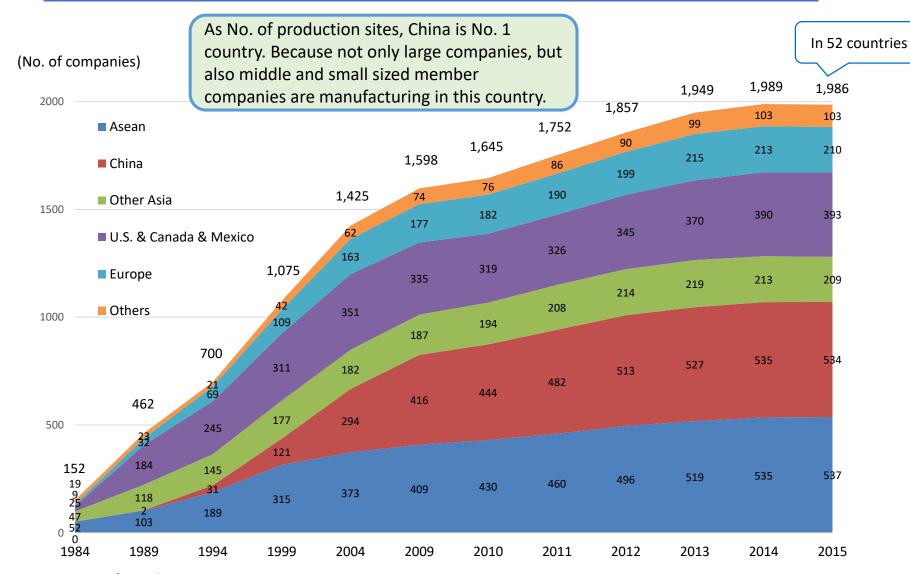




Data: FY, as of March 2016

No. of overseas production sites of JAPIA members





Data: FY 2015, as of March 2016

Source: JAPIA

Note: Total includes other regions

No. of overseas production sites of JAPIA members - No. of increase to the previous year -



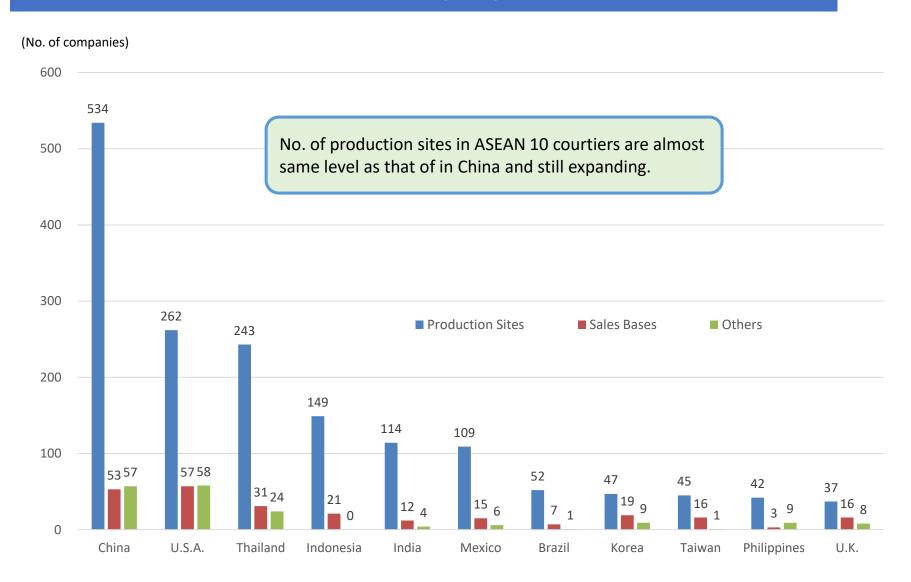
Investment in Mexico was vivid, but what happens in the future?

	2009	2010	2011	2012	2013	2014	2015
1	China(+10)	China(+28)	China (+38)	China(+31)	Mexico (+16)	Mexico(+15)	Mexico(+6)
2	India(+9)	Thailand (+10)	India(+15)	Indonesia (+20)	China(+14)	Thailand (+11)	India (+2)
3	Thailand (+7)	Indonesia (+9)	Indonesia (+14)	Mexico (+15)	Indonesia (+13)	China (+8)	Indonesia (+2)
4	Indonesia (+3)	India(+9)	Thailand (十8)	India(+8)	USA(+8)	Vietnam (+5)	Malaysia (+1)
5		Vietnam(+3) Germany(+3)	Brazil (+7)	Vietnam (+6)	Russia (+ 6) Thailand (+6)	USA(+4)	Vietnam (+1) Laos (+1)
6	USA(+2)	Morocco (+3)	Mexico (+6)	Thailand (+4)	Brazil (+5)	Brazil (+2)	Paraguay(+1)
7			Germany(十4)	Russia (+4)	India(+4)	Russia (+2)	
8		France (+2)	Malaysia (+3)	Malaysia (+3)	Germany(十4)		France (+1)
9			Vietnam (+3)	USA(+3)	Czech(+4)		Moldova (+1)
10			Poland (十3)	Turkey(+3)			

Data: FY, as of March 2016

No. of overseas production sites & sales bases of JAPIA members by major countries

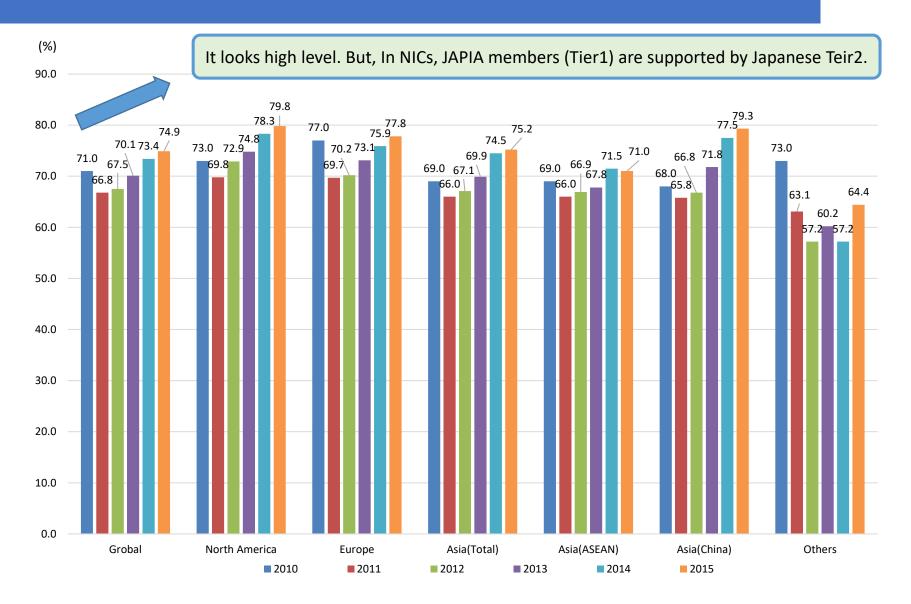




Data: FY, as of March 2016

Local contents of overseas production sites of JAPIA members by region

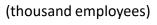




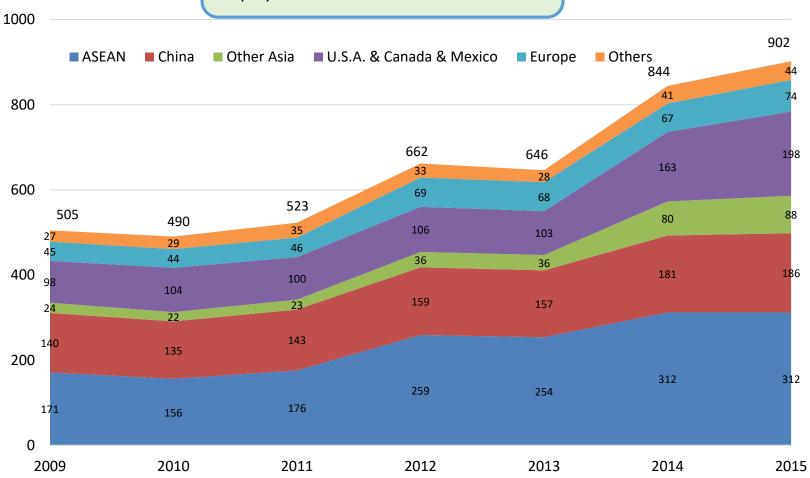
Data: FY, as of March 2016

No. of employees in overseas production sites of JAPIA members





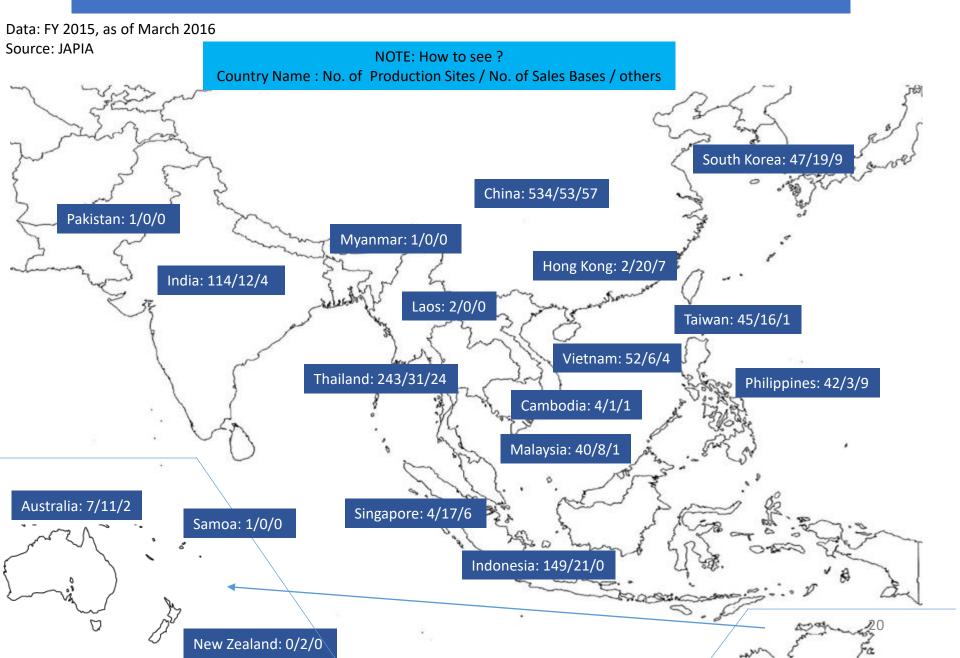
Overseas production level in 2015 is almost 2.8 times as that of in 2009 and No. of employees overseas sites is 1.8 times.



Data: FY, as of March 2016

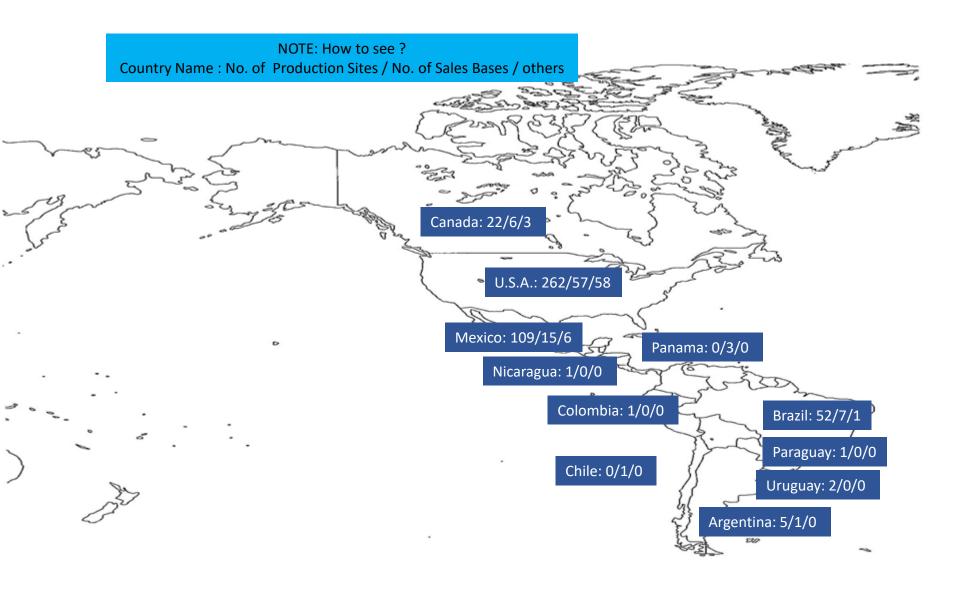
No. of overseas production sites & sales bases of JAPIA members 1/4



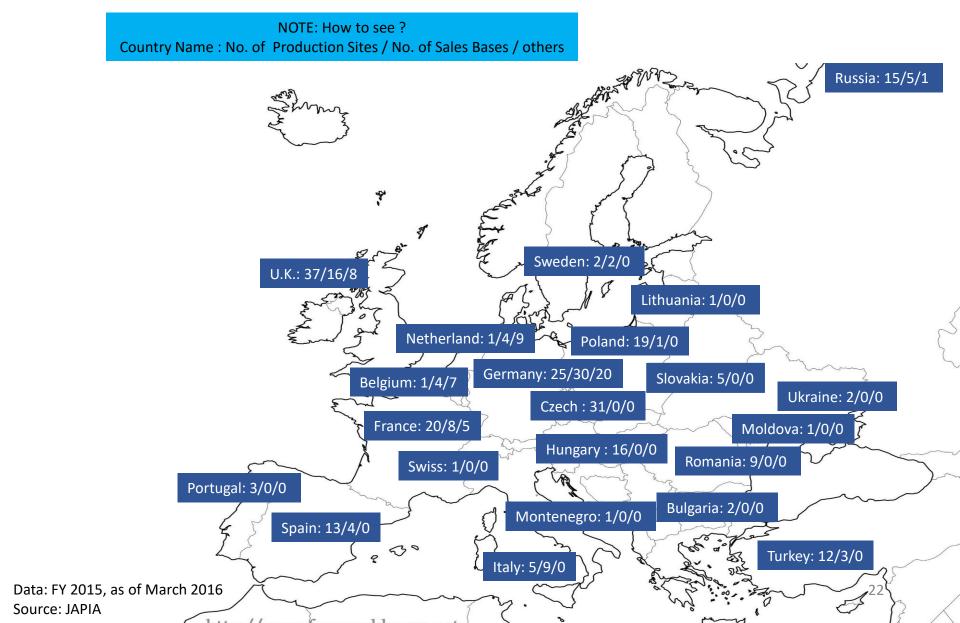


No. of overseas production sites & sales bases of JAPIA members 2/4

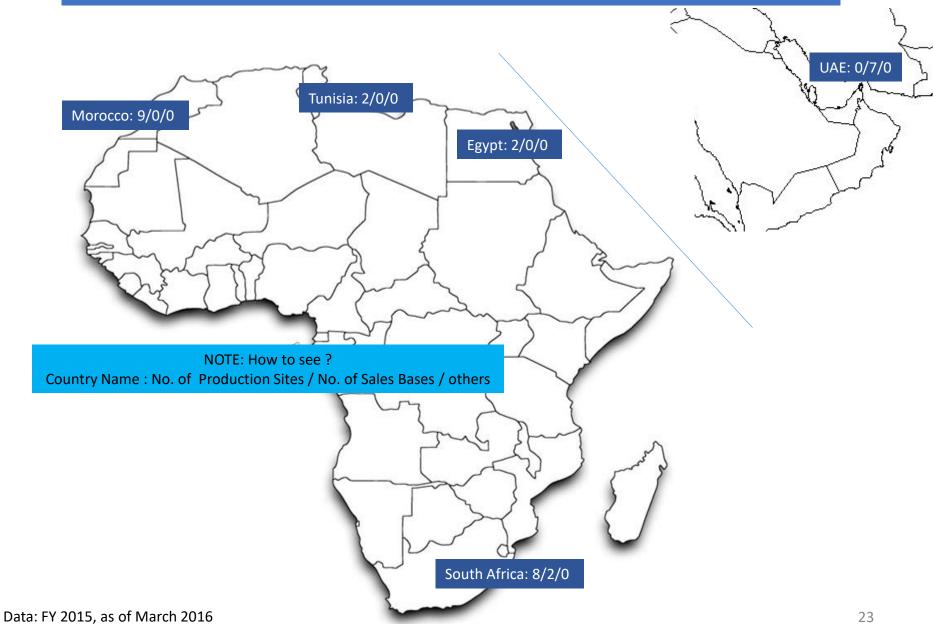




Data: FY 2015, as of March 2016



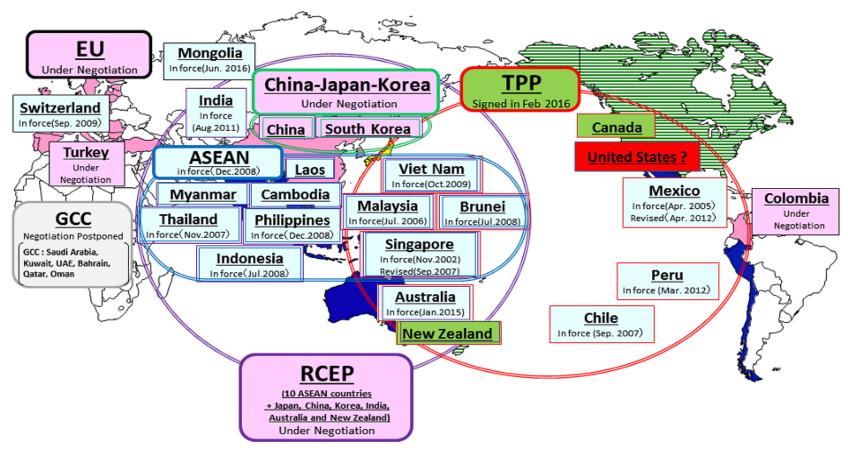
No. of Overseas Production Sites & Sales Bases of JAPIA Members 4/4 JAPIA



Cover region of EPA/FTA



- The government's goal is 70% of all trade are covered by EPA by the end of 2017.
- For the moment, the cover ratio mentioned above is less than 25% (USA $\stackrel{.}{=}$ 40% and EU $\stackrel{.}{=}$ 30%).
- ➤ EPA with 13 countries and 1 region are in force. EAP With EU and S. Korea/China and RCEP (Regional Comprehensive Economic Partnership) are under Negotiation.

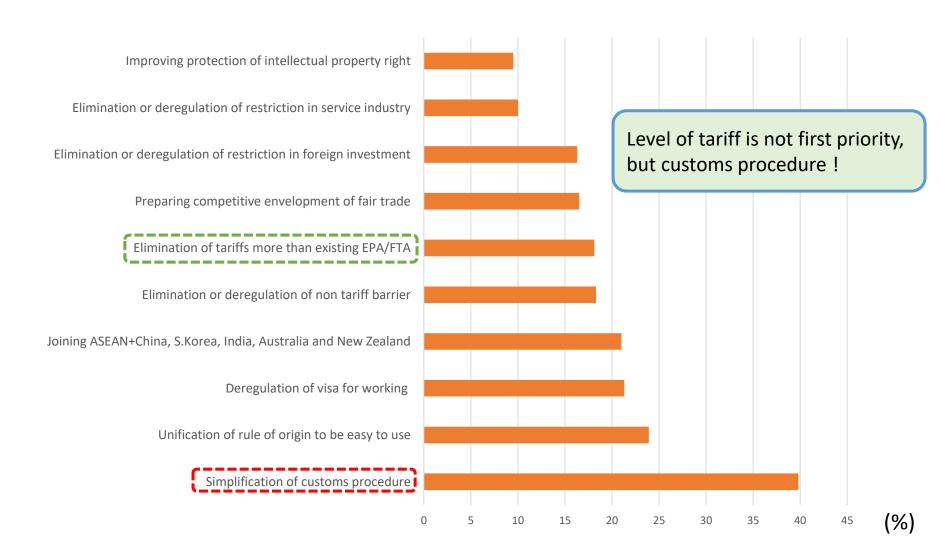


Data: as of Oct., 2016

Source: METI

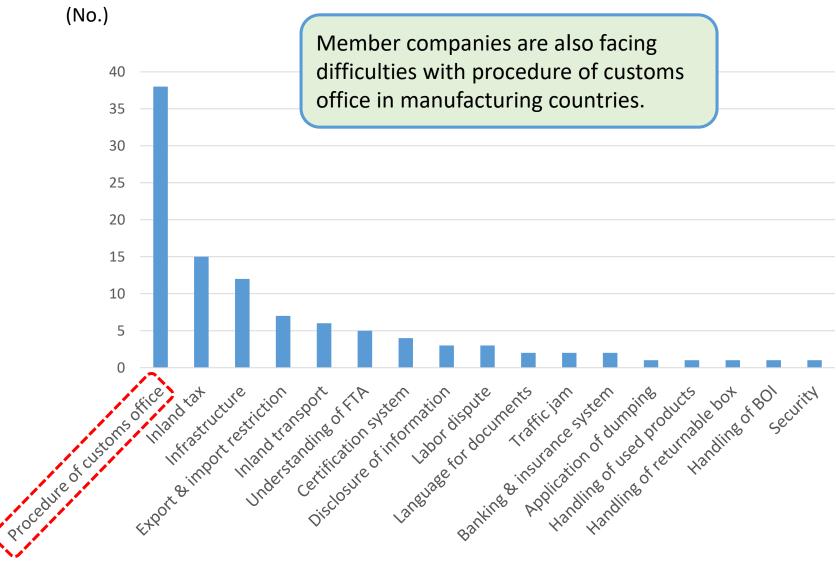


What are Japanese companies expecting of RCEP? (Replies from Japanese companies = all industries in ASIA)



What are the problems for JAPIA member companies overseas?



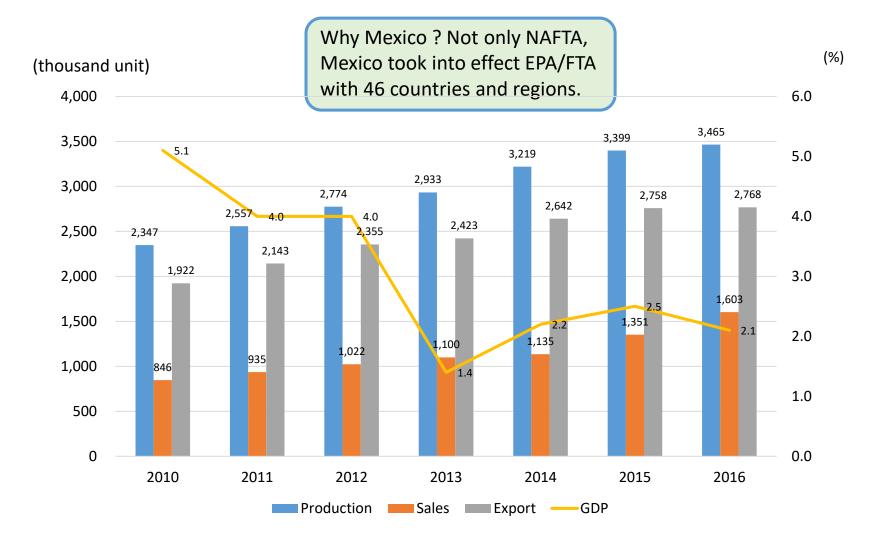




3. Topic - Mexico

Vehicle production, sales & export of Mexico



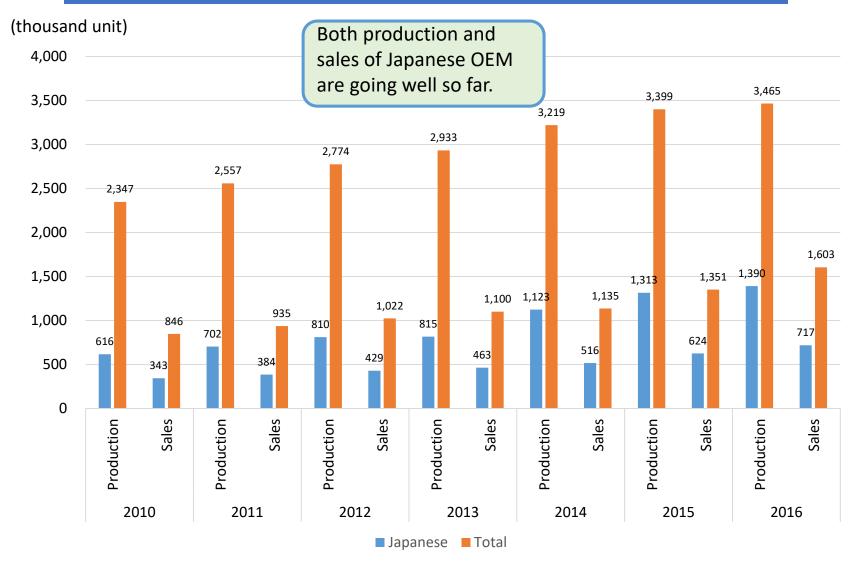


Note: GDP 2016 is estimated by IMF

Source: IMF & MarkLines



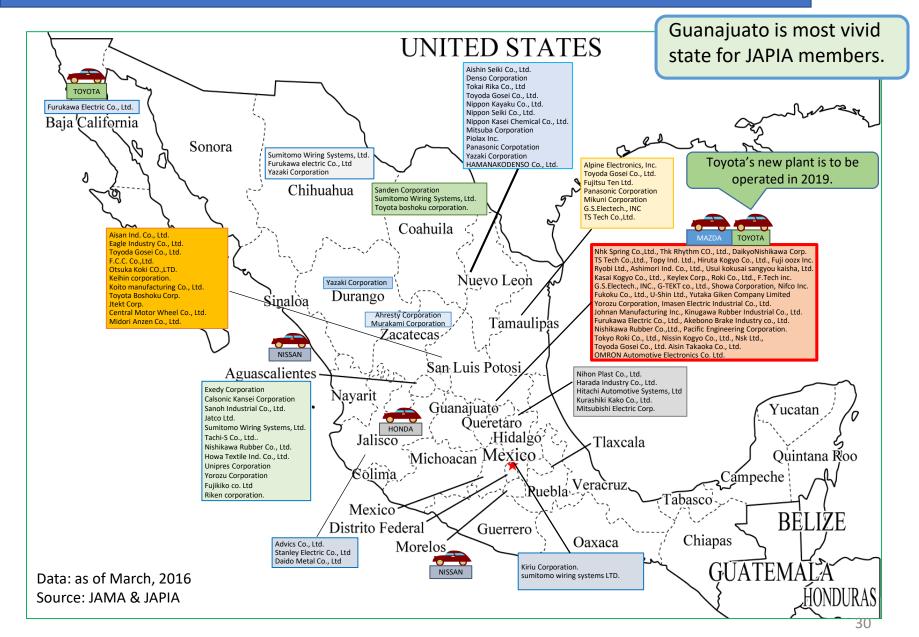




Source: MarkLines

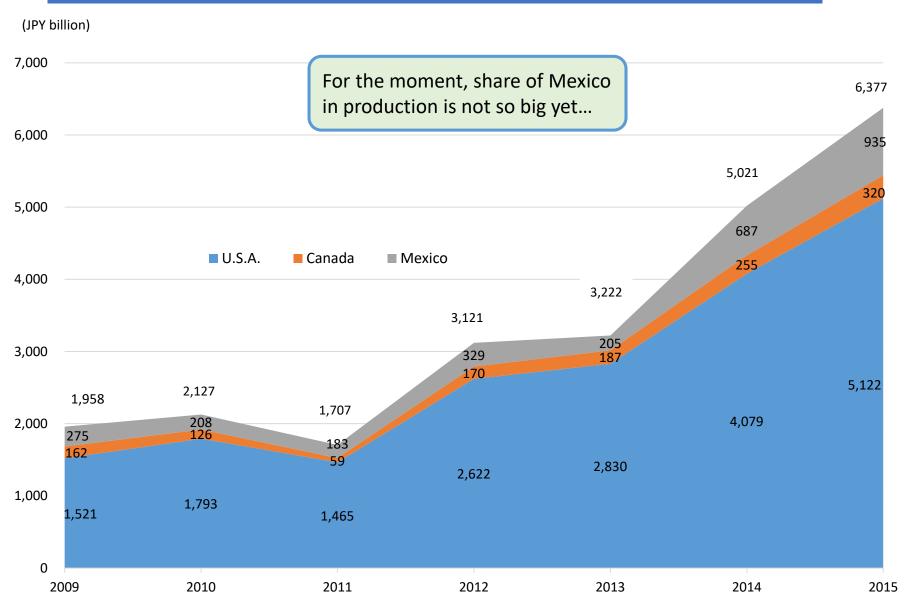
No. of production sites of Japanese OEMs & JAPIA members in Mexico





Production of JAPIA members in N.A.

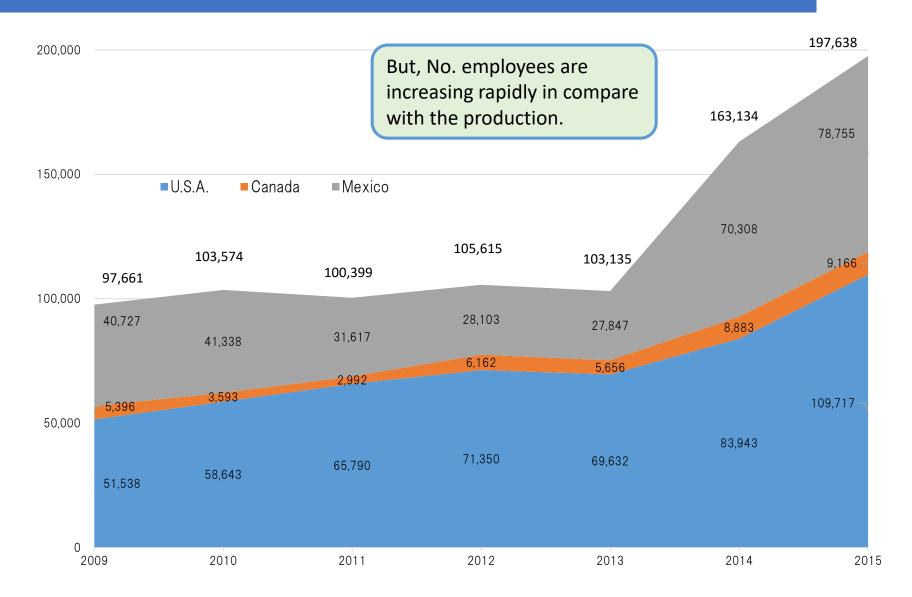




Data: FY, as of March 2016

No. of employees at production sites of JAPIA members in N.A.



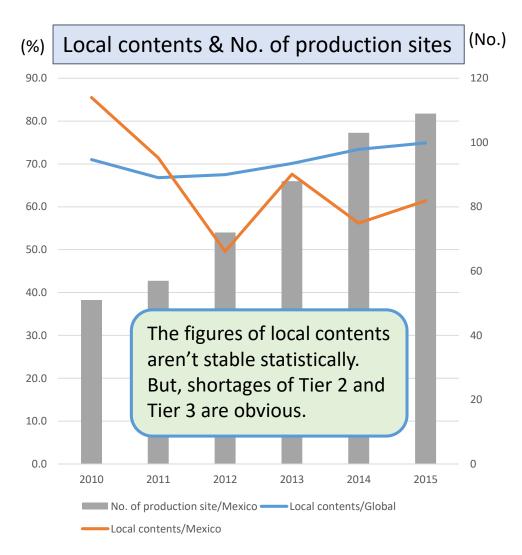


Data: FY, as of March 2016





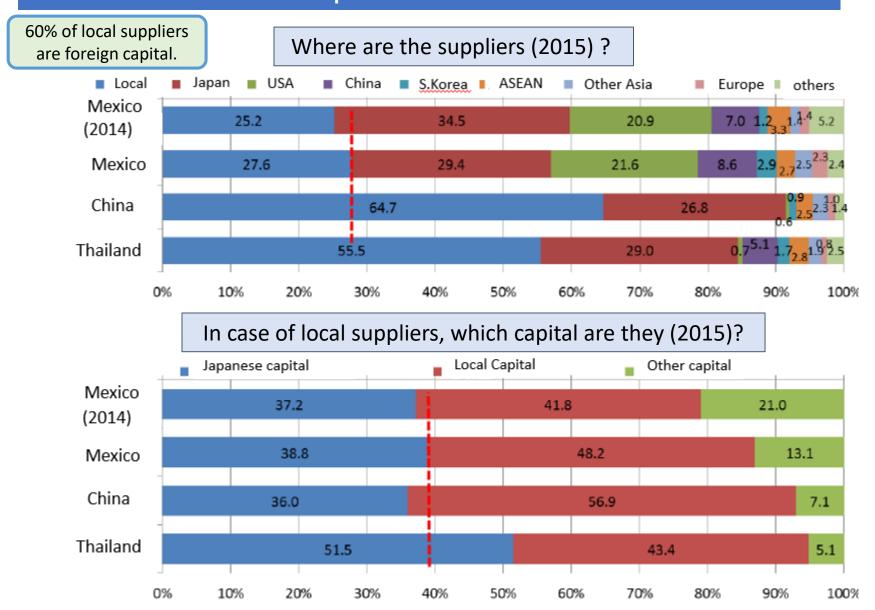
No. of suppliers by capital in Mexico					
Mexico(incl. others)	507				
Japan (JAPIA)	288 (109)				
US/Canada	218				
Europe	203				
Korea	20				
Total	1,236				



Source: JAPIA & MarkLines

Local contents and suppliers in Mexico in automotive & electronic industries - In compare with China & Thailand –

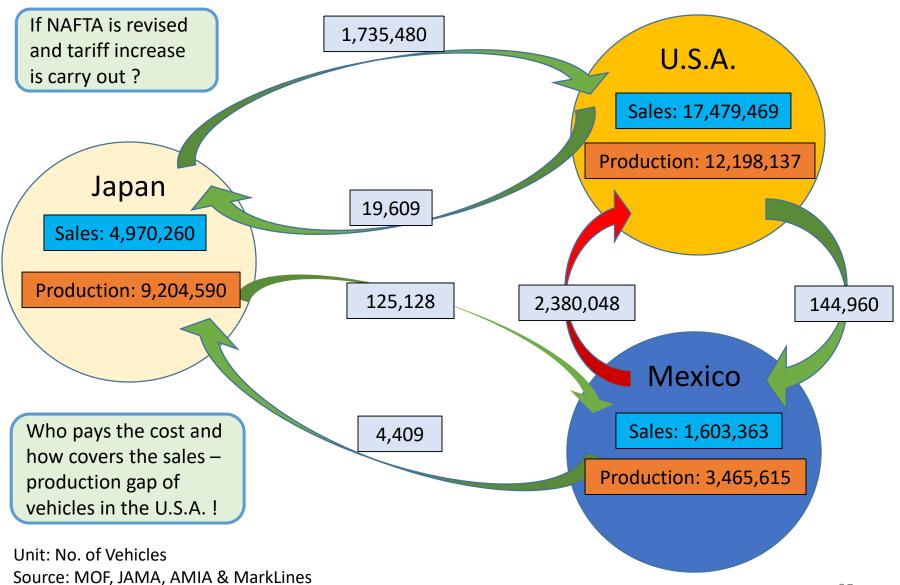




Source: JETRO research 2016

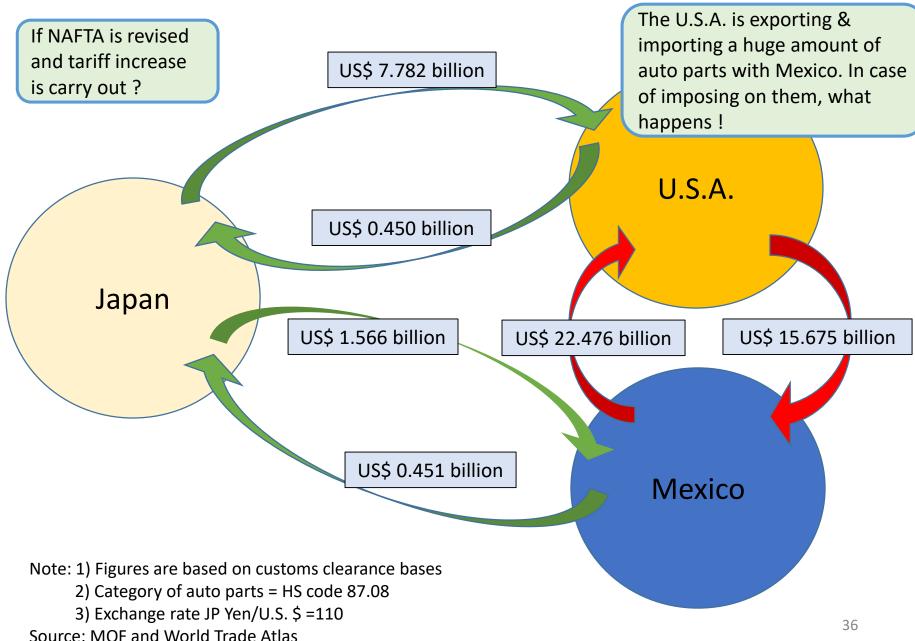
Vehicle production, sales, exports and imports among U.S.A., Mexico and Japan (2016)





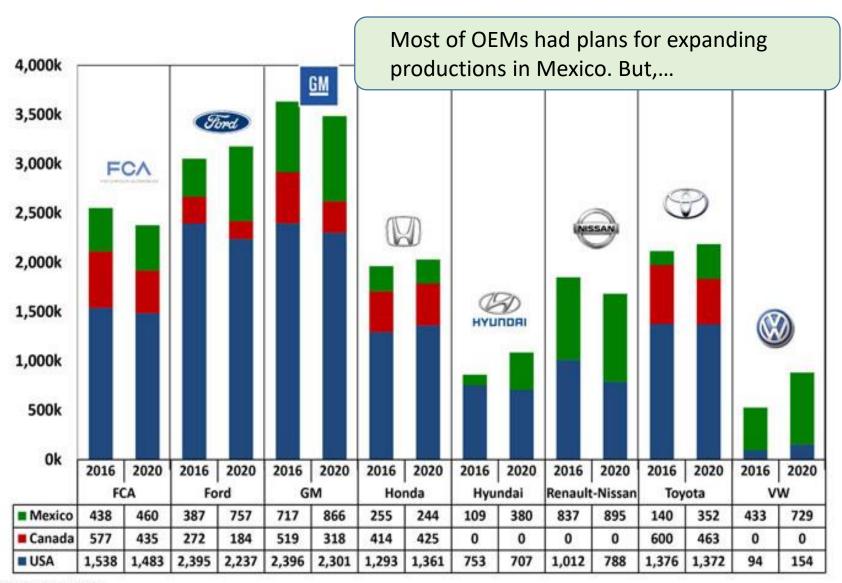
Auto Parts exports and imports among U.S.A., Mexico and Japan (2016)





OEMs production plans in N.A.



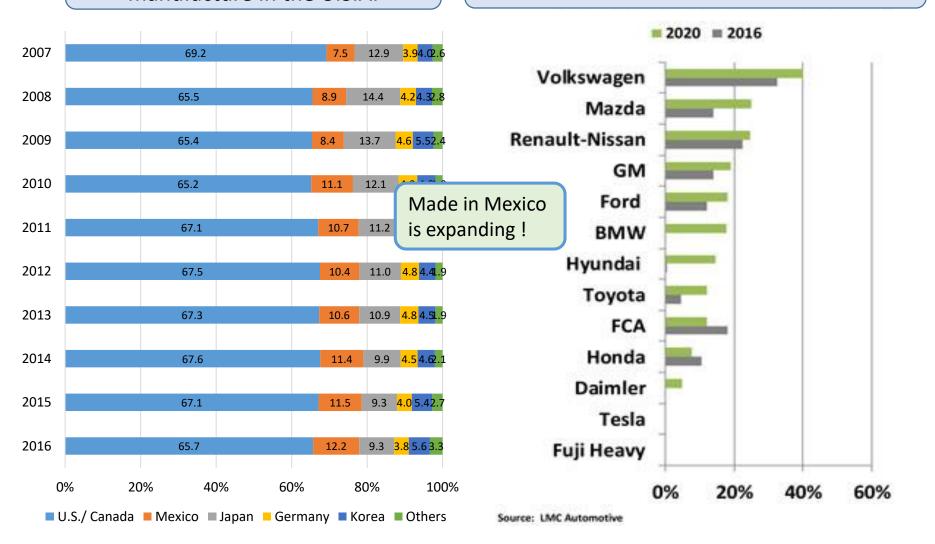


Source: LMC Automotive

Market share in the U.S.A.

OEMs market share by country of manufacture in the U.S.A.

% of made in Mexico by OEMs in the U.S.A.





감사합니다! Thank you for your attention!