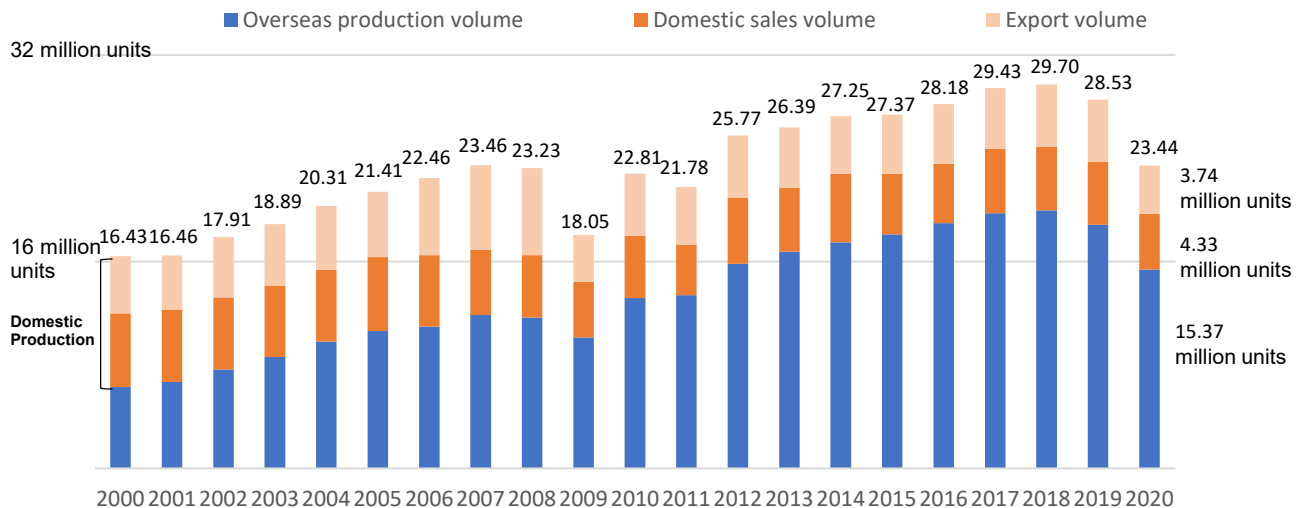


Overseas Expansion of Automotive Parts Manufacturers, Parts Import / Export

【Production volume of Japanese automakers】

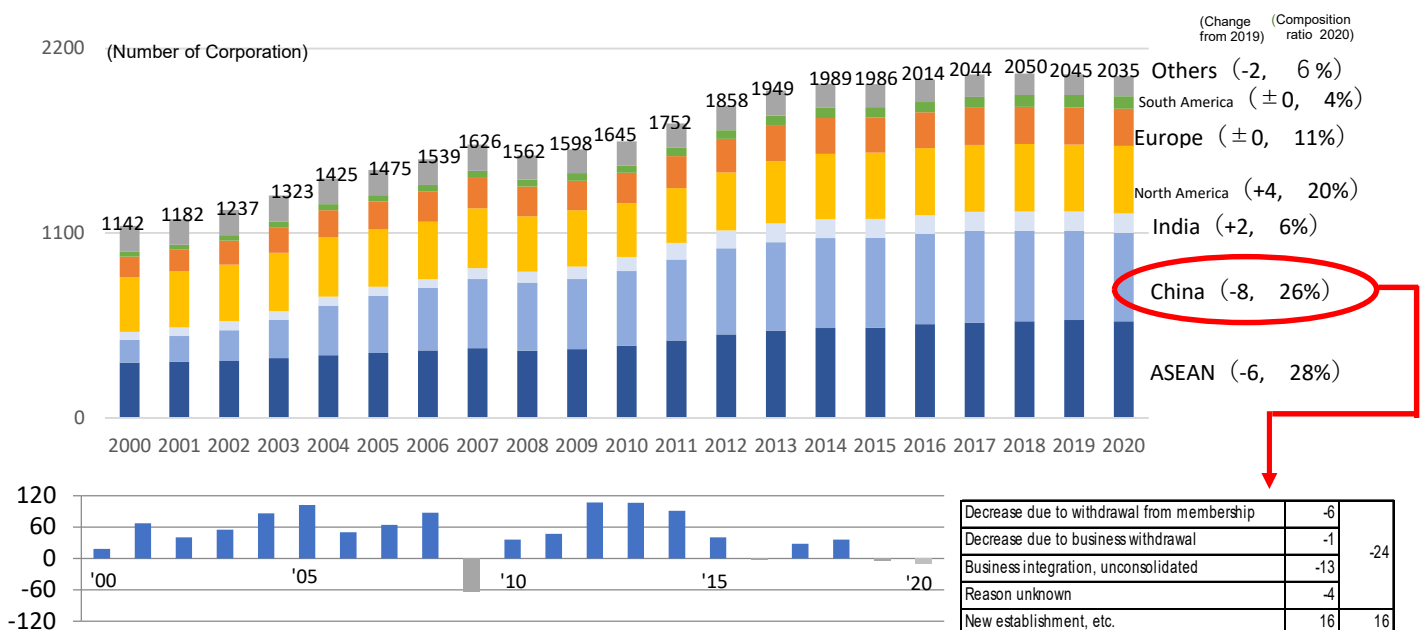
With the increase in overseas production by Japanese automakers, the overseas expansion of automotive parts manufacturers has become more active. For automobiles, after the Global Financial Crisis in 2009 and the Great East Japan Earthquake in 2011, overseas production in 2020 was 15.37 million units, down 18.4% from 2019, and domestic production was down 16.7%.



Source: JAMA

【Changes in the overseas expansion of JAPIA members (Worldwide, except Japan)】

The number of corporations in production function peaked in 2018 and has declined for two consecutive years. Although the decline was small, it expanded from -5 in 2019 to -10 in 2020. In China, where the decline is large, there are 16 newly established corporations, but -8 corporations due to business integration/transition to unconsolidated.



Source: Research on overseas operations by JAPIA member companies (Mexico is included in North America)

The following table shows the top 10 countries in terms of increase from the previous year and the recent changes. In 2020, only Mexico increased, all other countries decreased. Reasons given for the increase in Mexico include USMCA compliance, transfer of production from the U.S., and to respond to new orders in Mexico.

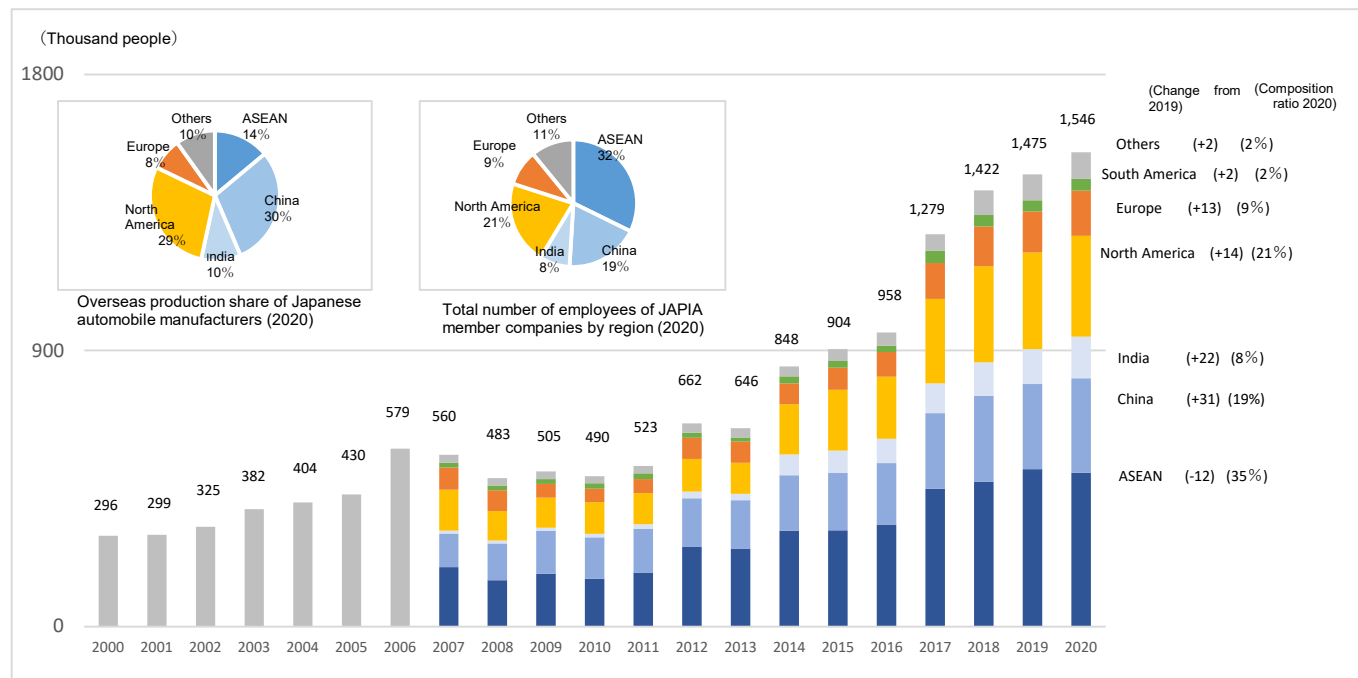
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
1	China (+38)	China (+31)	Mexico (+16)	Mexico (+15)	Mexico (+6)	Indonesia (+8)	China (+13)	Indonesia Mexico (+5)	Philippines (+5)	Mexico (+5)
2	India (+15)	Indonesia (+20)	China (+14)	Thailand (+11)	India Indonesia (+2)	Thailand (+6)	Thailand Vietnam		Brazil (+3)	
3	Indonesia (+14)	Mexico (+15)	Indonesia (+13)	China (+8)			Brazil (+3)	Brazil (+4)	Thailand U.K. (+2)	
4	Thailand (+4)	India (+8)	U.S.A. (+8)	ベトナム (+5)		Mexico Philippines Cambodia China (+3)		Thailand France Morocco (+3)		
5	Brazil (+7)	Vietnam (+6)	Russia (+6)	U.S.A. (+4)	Malaysia Vietnam Laos Paraguay France Moldova (+1)		Mexico U.K. Italy (+2)		Indonesia Canada Spain Germany Italy Portugal Poland Turkey (+1)	
6	Mexico (+6)	Thailand (+4)	Thailand (+5)	Brazil (+2)						
7	Germany (+4)	Russia (+4)	Brazil (+5)	Russia (+2)				India (+2)		
8								Philippines Colombia El Salvador Paraguay Serbia (+1)		
9	Malaysia Vietnam Poland (+3)	Malaysia U.S.A. Turkey (+3)	India Germany Czech (+4)							
10										

※Numbers in parenthesis show the change in numbers of corporations.

Source: Research on overseas operations by JAPIA member companies

【Total Number of Employees of Production Functional Corporations】

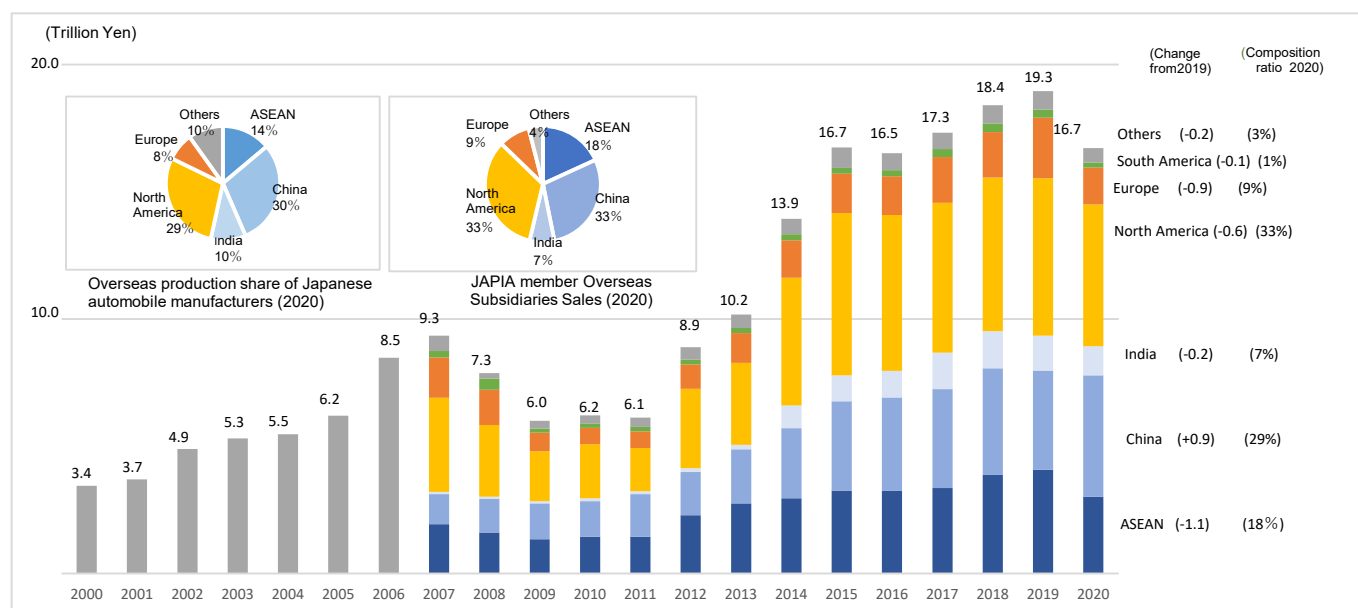
The number of employees of overseas production function corporations increased by +5% y/y, totaling more than 1.5 million. ASEAN, the largest region/country by size, experienced a decrease for the first time since 2013 (-12 thousand). All other regions increased. In particular, China as a whole increased by 31 thousand, due to the establishment of 16 new companies, while there were some decrease in the number of employees due to business mergers and other factors.



Source: Research on overseas operations by JAPIA member companies (Mexico is included in North America)

【JAPIA members overseas subsidiaries sales】

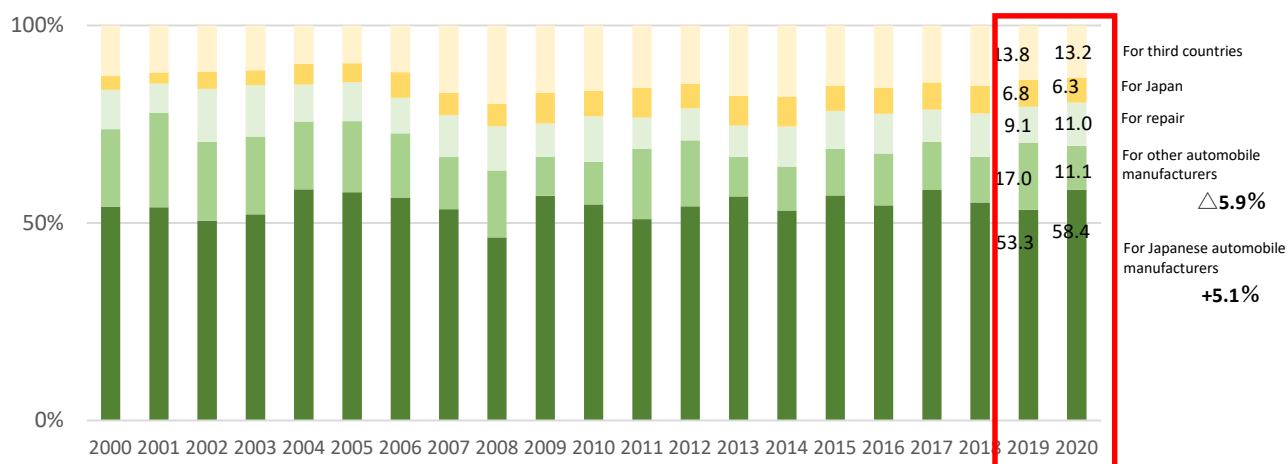
Sales of overseas production corporations in 2020 decreased in all regions except China. The largest decreases are in ASEAN (-1.1 trillion yen), Europe (-0.9 trillion yen), and North America (-0.6 trillion yen), in that order. China increased by 0.9 trillion yen.



Source: Research on overseas operations by JAPIA member companies (Mexico is included in North America)

【Ratio by destination from overseas production function corporations】

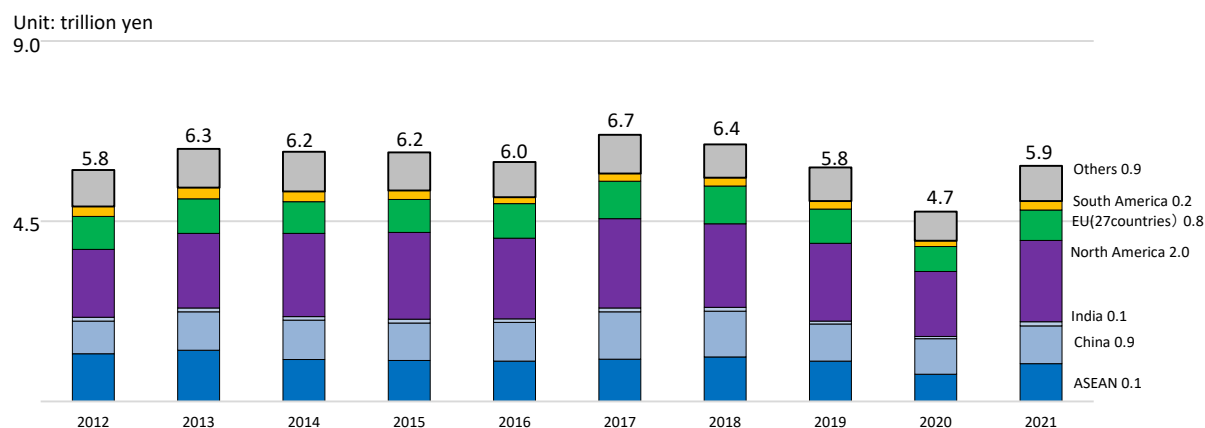
The combined market share of auto parts produced at overseas operation for third countries and Japan was 20.6% in 2019 and 19.5% in 2020, with continuing trend toward local production for local consumption. In these markets, the dependence on Japanese automakers is increasing as overall sales decline due to COVID-19 disaster.



Source: Research on overseas operations by JAPIA member companies (Mexico is included in North America)

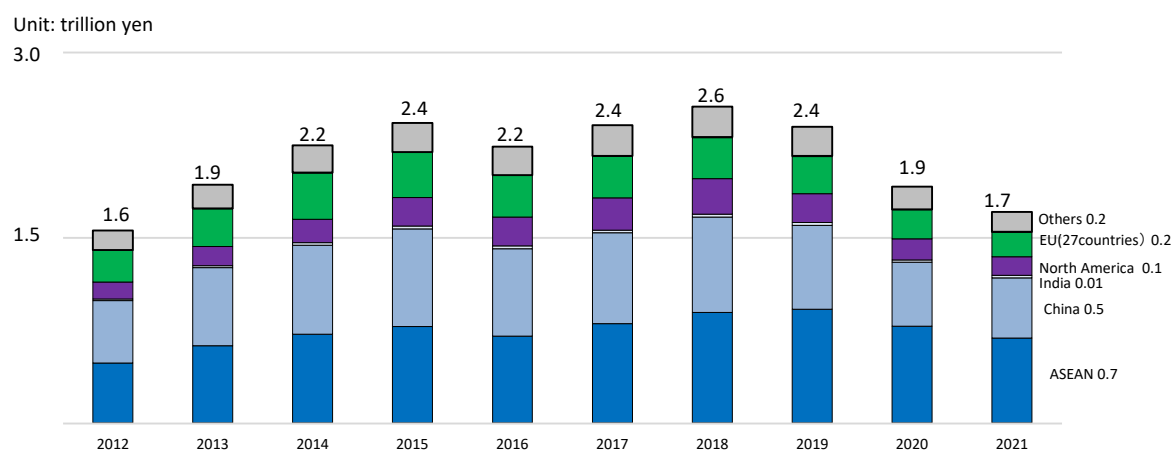
The following data shows the export and import trends of items with product names such as “for automobiles” and “for vehicles” (77 items exported, 98 items imported, all with 8-digit tariff classification numbers) in the trade statistics of the Ministry of Finance.

【Auto Parts Exports from Japan to Overseas by region】



Source: Trade Statistics of the Ministry of Finance (Mexico is included in North America, the EU has 28 countries until 2019 and 27 countries from 2020)

【Imports of auto parts from overseas to Japan by region】

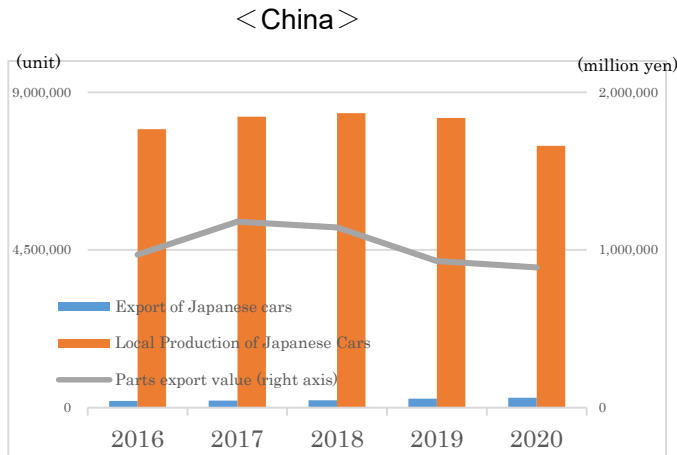


Source: Trade Statistics of the Ministry of Finance (Mexico is included in North America, the EU has 28 countries until 2019 and 27 countries from 2020)

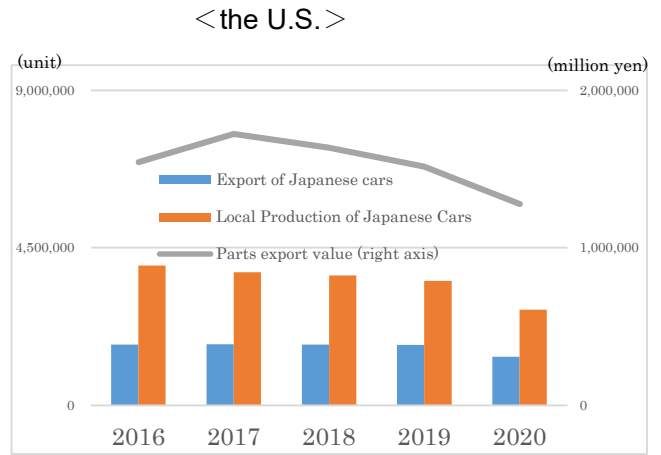
Member companies in China and the U.S.

In light of the U.S.-China trade friction that has intensified since around 2018, we have summarized the situation of our member companies in China and the U.S. over the last five years.

Local production by Japanese automakers peaked in 2018 in China and has been declining since 2016 in the U.S. In both countries, the value of parts exports from Japan has declined correspondingly. Export volumes were flat to both countries.

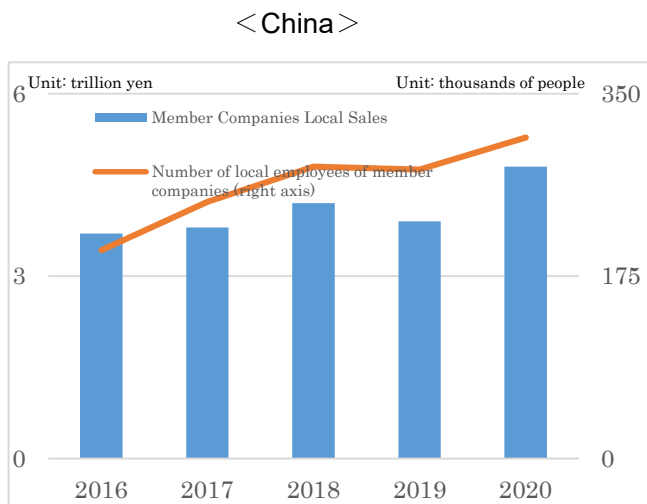


Sources: JAMA, MarkLines, Ministry of Finance

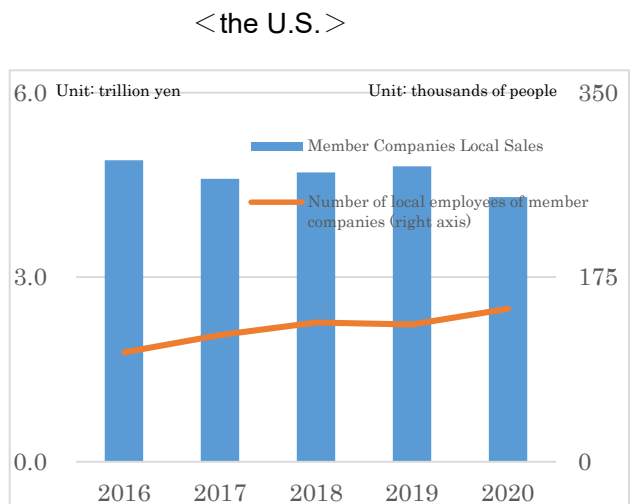


Sources: JAMA, MarkLines, Ministry of Finance

As for local sales and number of employees of member companies, China is less affected by COVID-19 and both sales and employees are on the rise. In the U.S., the number of employees is on an increasing trend, but sales in 2020 will decrease significantly.



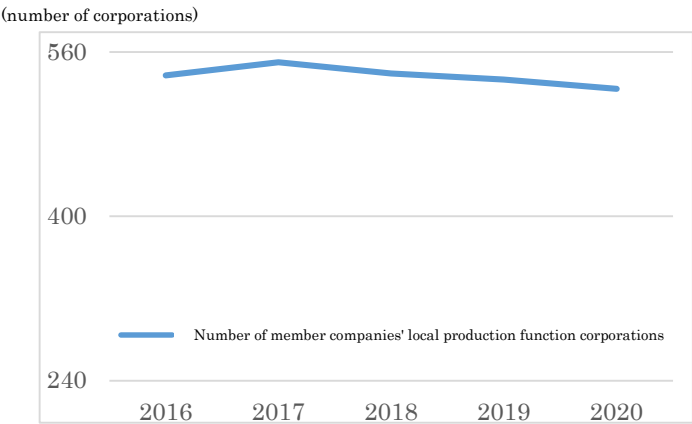
Source: JAPIA Research on overseas operations by member companies



Source: JAPIA Research on overseas operations by member companies

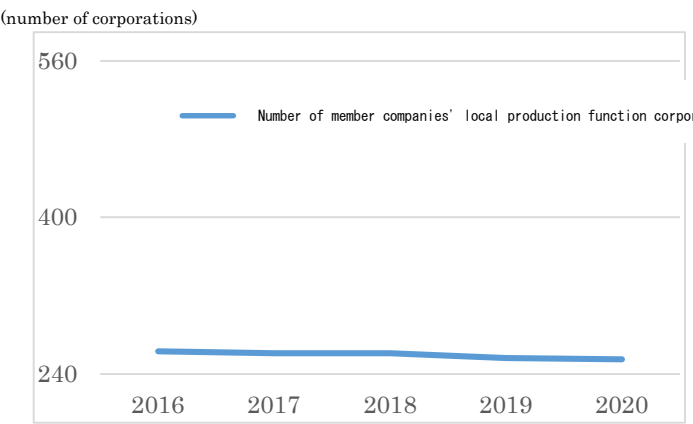
The number of local production function corporations peaked in 2017 in China and has been decreasing significantly each year, with -26 corporations in 2020 compared to 2017. The U.S. is in gradual decline compared to China.

< China >



Source: JAPIA Research on overseas operations by member companies

< the U.S. >



Source: JAPIA Research on overseas operations by member companies