

Research on Overseas Operations by Member Companies (FY2023)

Purpose of the survey:

- ① To generate statistical data showing the contribution to the global economy of member companies (Japanese automotive parts manufacturers)
- ② To identify common issues and reflect them in JAPIA projects regarding overseas business development of member companies
- ③ To reduce direct questions to individual companies by addressing in published materials with overseas business trends in the auto parts industry

Japan Auto Parts Industries Association



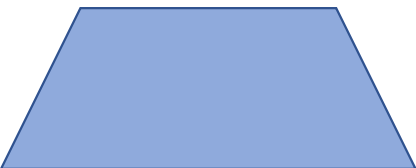

International Committee

March, 2025

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 - (5) Ratio of profitable subsidiaries in a single fiscal year, profitability outlook
 - (6) Local procurement rate
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1. Overview of the survey

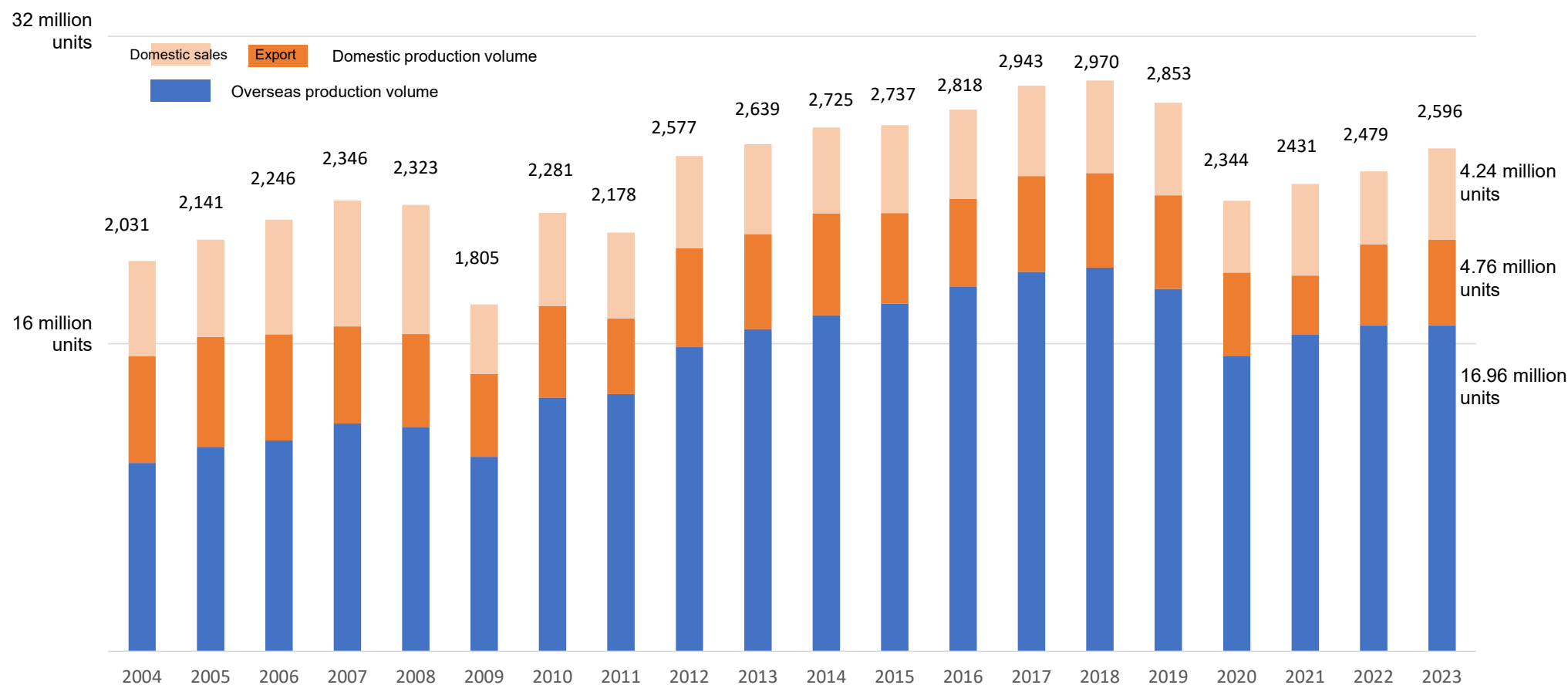
This survey was conducted among 266 regular members with overseas subsidiaries and 208 companies responded, more than in the previous survey.

OEM		Automakers	Period covered in the survey	April 2023 to March 2024	April 2022 to March 2023
Tier 1		JAPIA regular member companies 418 companies (as of July 2024)	Period conducted the survey	July to November 2024	August to December 2023
Tier2		Component parts Forging & Casting Injection molding Raw material etc.	Number of companies surveyed (regular member companies with overseas subsidiaries)	266 94 small-sized, 122 medium-sized and 50 large companies	266
Tier3			Response rate	208 companies 78.2%	77.0%

2. Key points of the survey result

- Overseas production volume of Japanese automobile manufacturers
 - The overseas production volume of Japanese automobile manufacturers remained flat at 17 million units in 2023.
- Overseas expansion of JAPIA members (changes in the number of overseas subsidiaries)
 - The number of overseas subsidiaries is 2,345, a decrease for the fourth consecutive year (-172 from the previous year).
- Changes in overseas subsidiaries with production functions
 - The number of overseas subsidiaries with production functions decreased for the fifth consecutive year to 1,804 (-130 from the previous year).
 - The number of employees remained unchanged from the previous year at 1.33 million.
 - Net sales reached a record high for the third consecutive year at 24.1 trillion yen. However, the increase was 2 trillion yen over the previous year, of which 1.6 trillion yen was due to the impact of foreign exchange rates.
 - The ratio of profitable companies increased for the third consecutive year. Improvement in ASEAN, India, and South America.
 - Local procurement rate remains at 70-80%.
- Topics survey
 - This year's survey focused on responses to Economic Security.
 - As for the separation of business between U.S. and China, responses of "already implemented" and "will be implemented" increased.

3. Production volume by Japanese automobile manufacturers



Data: JAMA

- Increased for three consecutive years. However, overseas production volume remained almost flat.

4. Changes in the number of overseas subsidiaries of JAPIA members

	North America		Europe		China		ASEAN		India		Others		Total	
	Number of overseas subsidiaries	Number of changes	Number of overseas subsidiaries	Number of changes	Number of overseas subsidiaries	Number of changes	Number of overseas subsidiaries	Number of changes	Number of overseas subsidiaries	Number of changes	Number of overseas subsidiaries	Number of changes	Number of overseas subsidiaries	Number of changes
2023	468	-34	282	-18	575	-43	636	-45	119	-12	265	-20	2,345	-172
2022	502	-19	300	-41	618	-24	681	-29	131	-7	285	^9	2,517	-129

Changes the number of functions

(Note: Multiple answers allowed)

Functions (Multiple answers allowed)	North America		Europe		China		ASEAN		India		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Production	358	385	173	187	474	511	526	556	103	114	170	181	1,804	1,934
Sales	132	134	115	115	159	161	191	194	38	42	122	130	757	776
Administrative control	44	44	42	43	36	35	38	36	7	7	11	13	178	178
Design development	33	35	44	50	51	56	27	31	12	12	15	18	182	201
Marketing	20	16	17	14	21	19	14	12	7	6	9	9	88	76
Other	14	11	11	14	13	14	7	8	0	0	12	23	57	70
Total	601	625	402	423	754	796	803	837	167	181	339	374	3,066	3,235

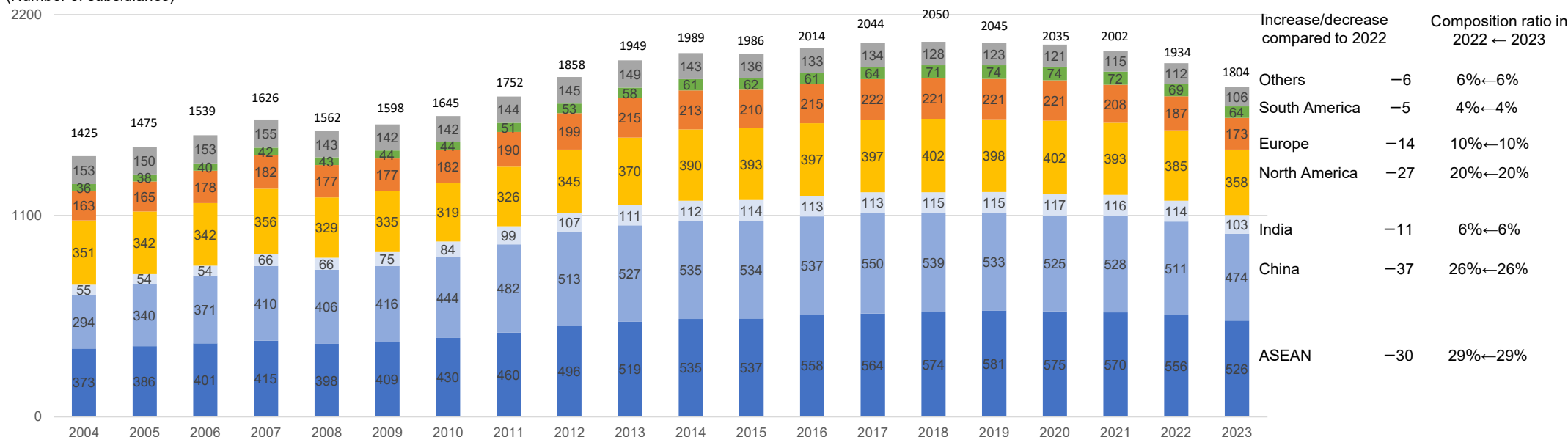
	Number of overseas subsidiaries		Number of overseas subsidiaries		Number of functions × Compared to previous year
	2023	2022	2023	2022	
only one function	1,831	2,006	1,831	2,006	91%
2-function	367	369	734	738	99%
3-function	93	91	279	273	102%
4-function	38	37	152	148	103%
5-function	14	14	70	70	100%
function unknown	2	0	0	0	—
Total	2,345	2,517	3,066	3,235	95%

- The total number of overseas subsidiaries decreased for the fourth consecutive year and for the second consecutive year in all regions.
- While locations were consolidated, only the marketing function increased.

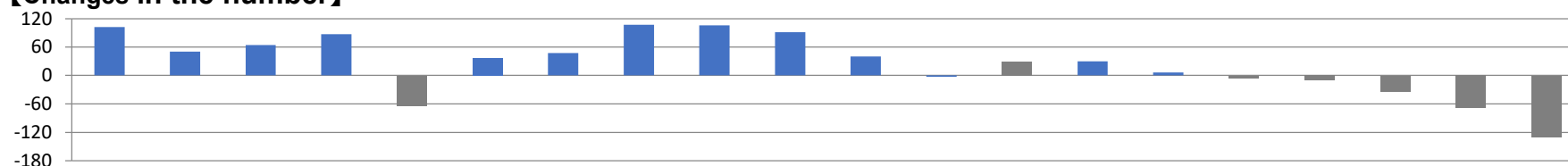
5. Overseas subsidiaries with production function of JAPIA members (1) Changes in the number

(Number of subsidiaries)

2200



【Changes in the number】



- Decreased for the fifth consecutive year after peaking in 2018, -130 compared with the previous year. Decreased in all regions, but the composition by region remained unchanged.
- In order to cope with changes in the business environment, the consolidation and reorganization of production bases seem to be in progress.

5. Overseas subsidiaries with production function of JAPIA members (1) Changes in the number

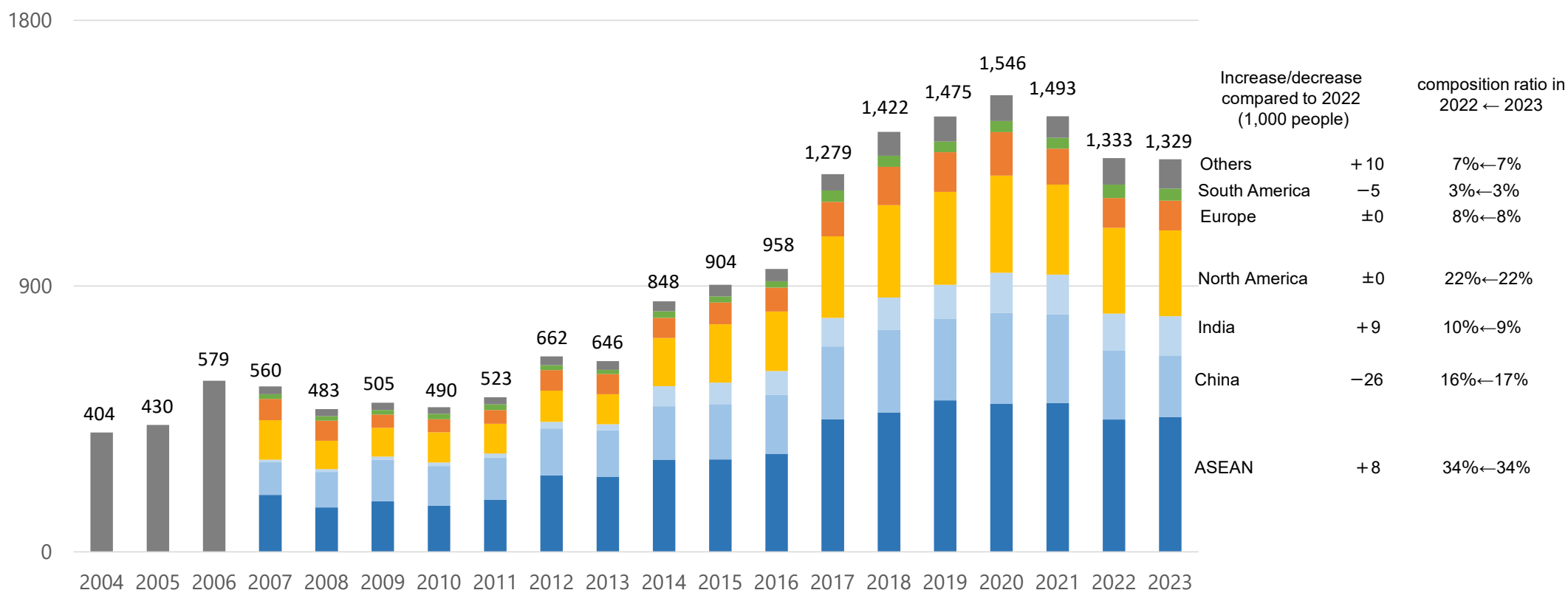
Top countries in change from the previous year

	1998	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1	China (+16)	China (+10)	China (+28)	China (+38)	China (+31)	Mexico (+16)	Mexico (+15)	Mexico (+6)	Indonesia (+8)	China (+13)	Indonesia Mexico (+5)	Philippines (+5)	China -8	U.S. -7	China -17	China -37
2	U.S. (+14)	India (+9)	Thailand (+10)	India (+15)	Indonesia (+20)	China (+14)	Thailand (+11)	India Indonesia (+2)	Thailand (+6)	Thailand Vietnam Brazil (+3)	Brazil (+4)	Brazil (+3)	Mexico (+5)	Spain -4	U.S. -7	U.S. -23
3	India (+9)	Thailand (+7)	Indonesia (+9)	Indonesia (+14)	Mexico (+15)	Indonesia (+13)	China (+8)					Thailand U.K. (+2)	Indonesia -2	China (+3)	Philippines -6	Thailand -15
4	Indonesia Korea (+4)	Indonesia Mexico (+3)	Vietnam Germany Morocco (+3)	Thailand (+4)	India (+8)	U.S. (+8)	Vietnam (+5)		Mexico Philippines Cambodia China (+3)				Thailand -1	U.K. -3	Germany -6	Indonesia -12
5				Brazil (+7)	Vietnam (+6)	Russia (+6)	U.S. (+4)							Philippines (+2)	Russia -4	India -11
6	Thailand (+4)	U.S. (+2)		Mexico (+6)	Thailand (+4)	Thailand (+5)	Brazil (+2)	Malaysia Vietnam Laos Paraguay France Moldova (+1)		Mexico U.K. Italy (+2)	Thailand France Morocco (+3)	Indonesia Canada Spain Germany Italy Portugal Poland Turkey (+1)			Korea Brazil U.K. Czech Republic Poland -3	Brazil France -5
7			France (+2)	Germany (+4)	Russia (+4)	Brazil (+5)	Russia (+2)				India (+2)					U.K. Mexico -4
8	2008 financial crisis			Malaysia Vietnam Poland (+3)	Malaysia U.S. Turkey (+3)	India Germany Czech Republic (+4)					Philippines Colombia El Salvador Paraguay Serbia (+1)					Malaysia -3
9	Great East Japan Earthquake															
10																

- China: -37 (new expansion: +10, consolidation of existing bases: -47)
- The U.S.: -23 (new expansion: +8, consolidation of existing bases: -31)

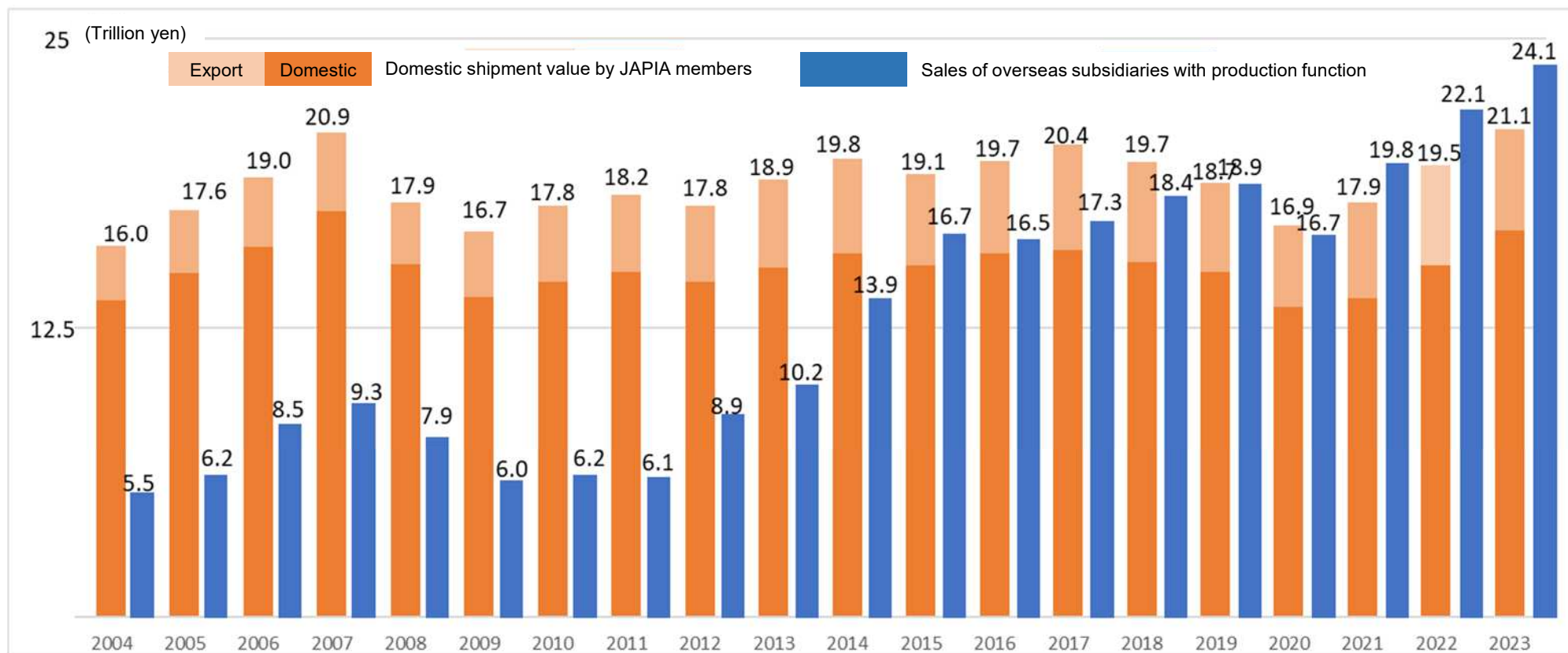
5. Overseas subsidiaries with production function of JAPIA members (2) Changes in the number of employees

(1,000 people)



- The number of employees remained almost unchanged.
- There was no major change in the composition by region, but China declined -11.2%, from 233,000 to 207,000, India increased 7.1%, from 126,000 to 135,000.

5. Overseas subsidiaries with production function of JAPIA members (3) Changes in sales

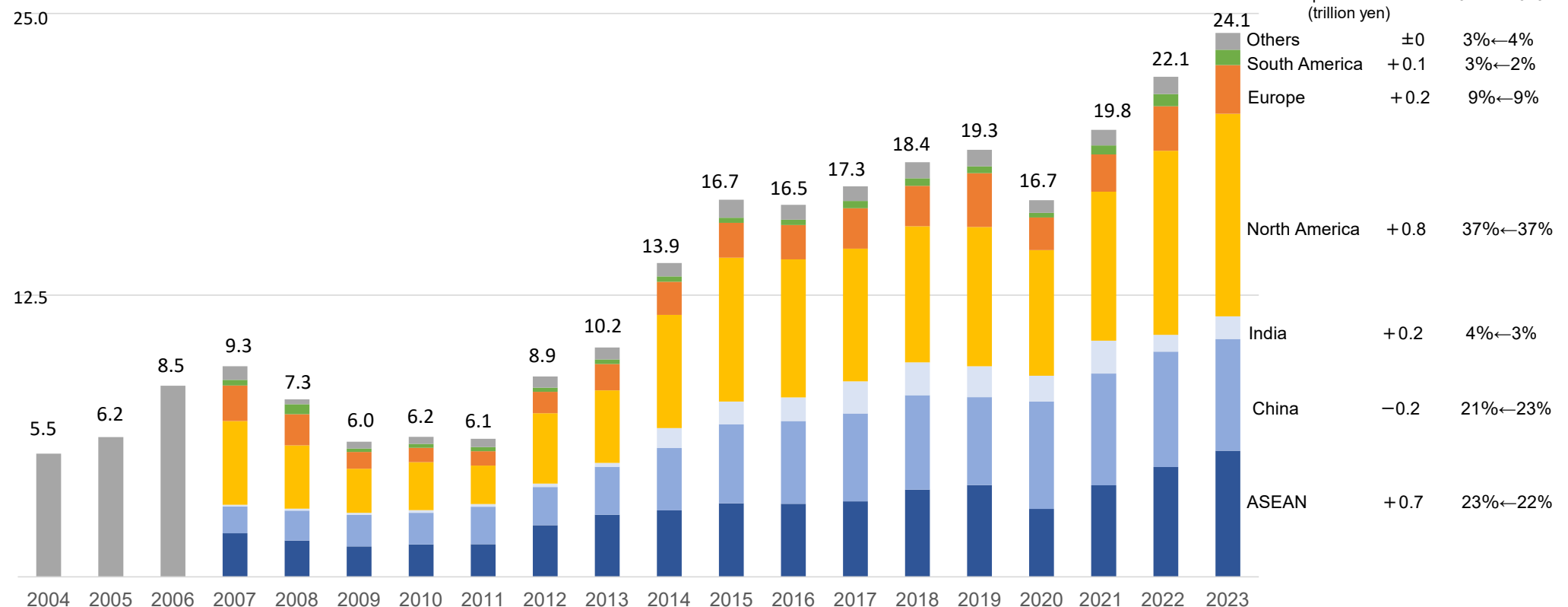


Note: The exchange rate used is either the in-house rate of each company or the exchange rate announced by MUFG Bank, LTD. (annual average, TTM).

- **Sales of overseas subsidiaries with production functions reached a record high for the third consecutive year, reaching 24.1 trillion yen.**
- **+2 trillion yen (+9%) vs. previous year, of which +1.6 trillion yen was due to the impact of foreign exchange.**

5. Overseas subsidiaries with production function of JAPIA members (3) Changes in sales

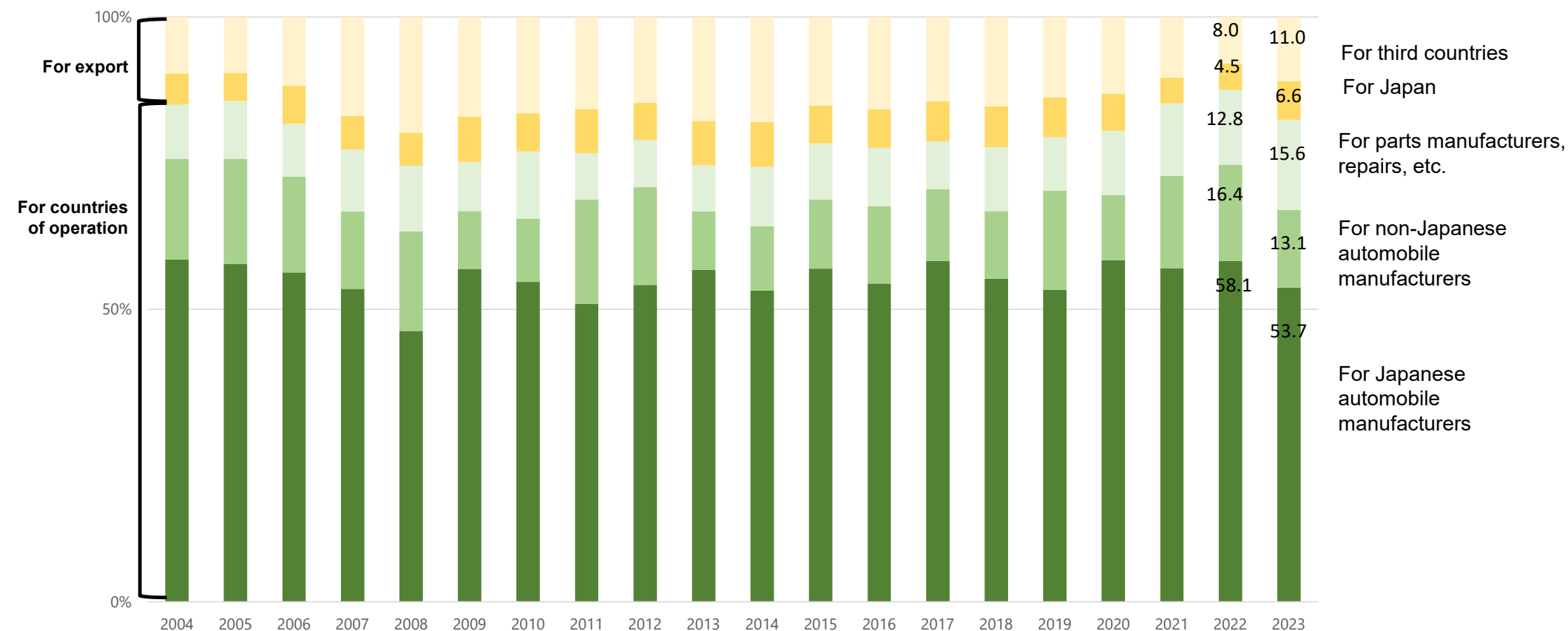
(Trillion yen)



Note: The exchange rate used is either the in-house rate of each company or the exchange rate announced by MUFG Bank, LTD. (annual average, TTM).

- Sales increased in North America, ASEAN, India, and Europe, in that order.
- Excluding the impact of foreign exchange rates, real increase of sales was 0.4 trillion yen, of which ASEAN +0.26 trillion yen, India +0.23 trillion yen and China -0.26 trillion yen.

5. Overseas subsidiaries with production function of JAPIA members (4) Ratio of sales by destinations

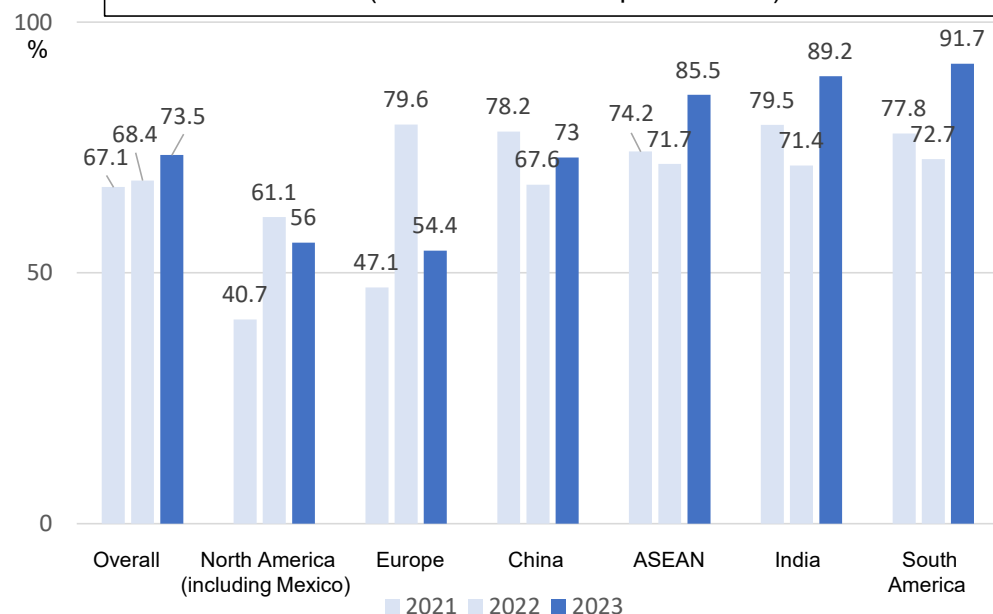


- The ratio of exports to outside the operating country was increased by 5 percentage points.
- In the country of operation, the ratio for parts manufacturers has expanded.

5. Overseas subsidiaries with production function of JAPIA members (5) Ratio of profitable subsidiaries in a single fiscal year, profitability outlook

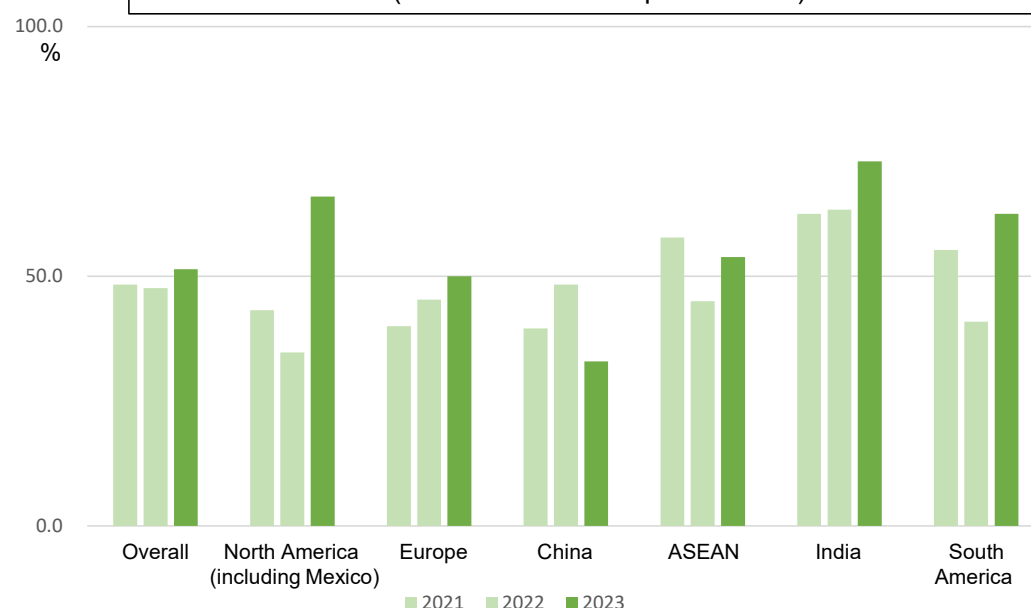
Changes in the ratio of profitable subsidiaries

(Number of valid responses: 777)



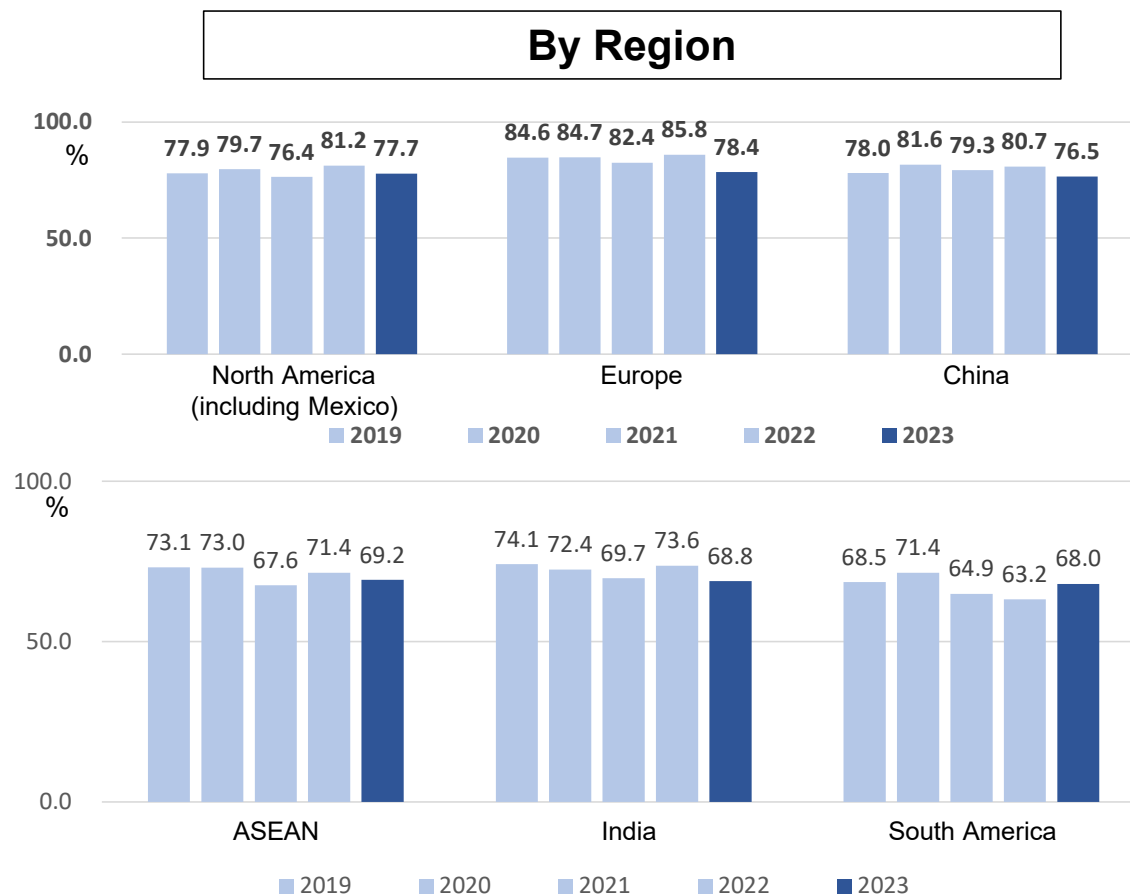
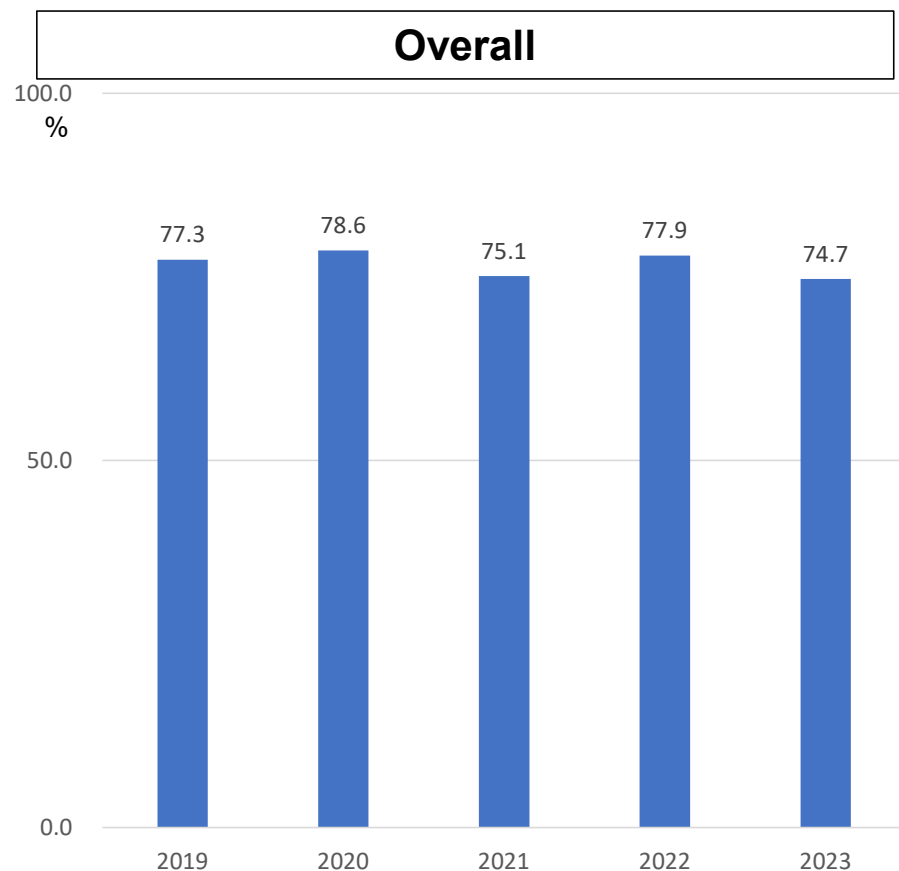
Profitability outlook Transition

(Number of valid responses: 746)



- The ratio of profitable companies in a single fiscal year improved significantly in ASEAN, India, and South America.
- Profitability outlook improved in all regions except China. In North America, where profitability is particularly improving, there were comments on the launch of new products, expectation for production increases of clients, and favorable exchange rates.

5. Overseas subsidiaries with production function of JAPIA members (6) Local procurement rate

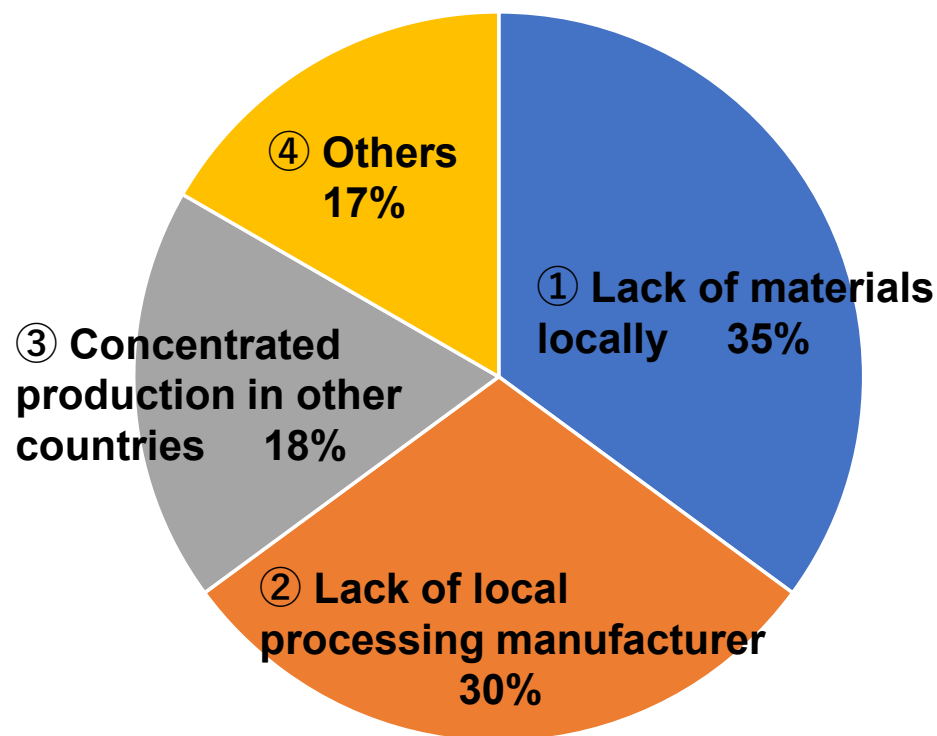


- The local procurement rate has remained around 75%.
- By region, there is no significant change in the trend.

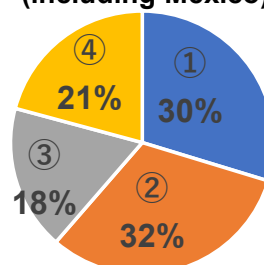
5. Overseas subsidiaries with production function of JAPIA members (6) Local procurement rate

Reasons for slow progress in local procurement

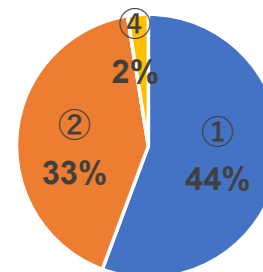
(multiple responses allowed, 190 valid responses)



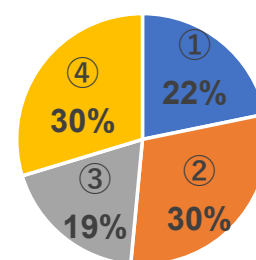
North America
(including Mexico)



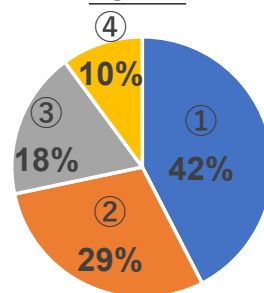
Europe



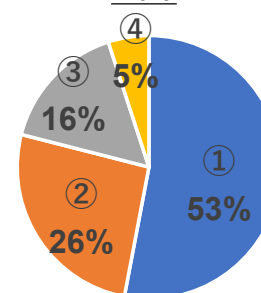
China



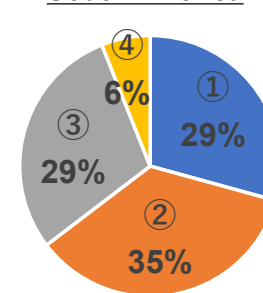
ASEAN



India



South America

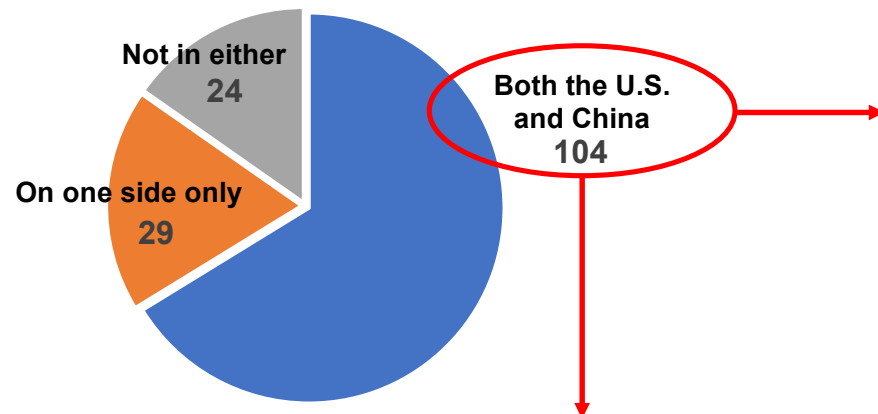


Others include quality and cost problem, lack of equipment, high labor cost, transportation delay, and foreign exchange risk.

6. Topics Survey Addressing to Economic Security (as of July 2023)

Locations in U.S. and China

(Responses: 157 companies)



Separation in U.S. and China business

16/16

	2023
Not considering separation	86
Separated	5
Decided to separate, or to be implemented	5
Decided not to separate	0
Others	8
Total	104

< Reasons for not considering separation >

- Originally, the business was established respectively in the U.S. and China and there is no mutual relationship.
- All possibilities are considered depending on the risk at the time.
- Some products have been moved from China to other countries, although they cannot be completely separated.
- Not quite a separation, but considering the risk of higher tariffs, the promotion of procurement of parts from outside China is under consideration.

Establish an organizational structure for Economic Security

	2023
Sharing information among necessary departments under the existing organization	104
Designate a department in charge under the existing organization	0
Considering a new organizational structure	0
Established a new organization and handling already	0
Total	104

In this year's survey, 10 companies reported that they had separated (including future implementation) their US-China business. In last year's survey, another 10 companies reported having separated, indicating a trend of more companies considering separation.